BUSINESS WEEK

John S. Coleman: His two-year reign brings Burroughs its biggest year (page 6)

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TWENTY-FIVE CENTS

BOWER BEARINGS ARE



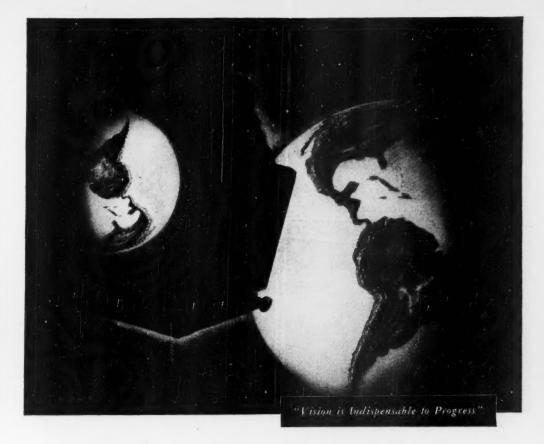
A BASIC ADVANCE IN BEARING ENGINEERING

Behind the word Spher-O-honed lie the soundest kind of improvements in bearing fundamentals. ★ Bower Spher-O-honed bearings embody basic refinements in design and engineering that give them increased dependability and a premium of precision and smoothness. Spherical roll-ends and flange surfaces, a liberal oil groove, and hard, durable races all contribute heavily towards longer bearing life . . . lower maintenance costs. ★ Manufacturers of industrial equipment—men who use Bower bearings—know that the word Spher-O-honed is indicative of many more fine qualities. These give added weight to our contention that Bower bearings—Spher-O-honed bearings—are your best bearing buy.

BOWER ROLLER BEARING COMPANY . Detroit 14, Michigan

BOLLER BEARINGS





The story of a 500-million dollar idea-found in a little black box

No, you can't photograph the earth from 50,000 miles away—yet! But you can do almost anything else with photography, from picturing the birth of an atom to catching Junior asleep under the beach umbrella...

A bright Sunday afternoon is a real challenge to the owners of America's 34,000,000 amateur cameras. For today, anyone can be enough of a physicist, chemist and artist to record on film whatever his eyes can see.

But amateurs account for only one-third of the photographic industry's \$500-million annual volume. Cameras and other photographic equipment are primarily working tools which contribute in a thousand ways to improved products, better health and greater knowledge.

The myriad uses of photography are the result of painstaking, costly and neverending research. Because of this research, scientists can now photograph far more than the eye can see—the stars on the very rim of the universe—the internal structure of the hardest metals—the "tracks" left by nuclear particles.

Your doctor has X-rays, internal color pictures and other photographic aids. Photographic evidence makes law enforcement easier. Microfilms simplify record-keeping.

Motion pictures have achieved outstanding success in the fields of training, education and entertainment. Even family snapshots and home movies are more enjoyable because of photographic research.

Photography is used in almost every industry—for chemical, stress and motion analyses—to help make good products even better, increase production efficiency and lower costs of operation.

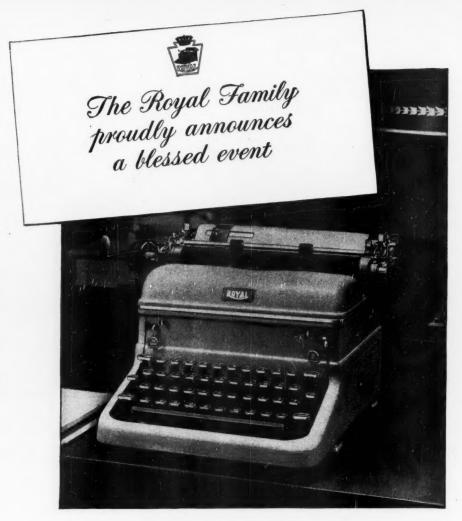
We need not fear for America's future as long as the people continue to dream of progress—and invest their brains, energy and money to make those dreams come true. Because America is free, it is the greatest nation in the history of the world for dreaming—for planning—and for doing.

BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





It's new! The GRAY MAGIC RUYAL

Just feast—and rest—your eyes on the newest and greatest of all office typewriters. Never has there been such a typewriter as the new GRAY MAGIC Royal!

All glare and glint are banished by that soft, gray tone. From stem to stern, it's the picture of comfort.

Let your fingers feel that comfort, too-on

the new, revolutionary keyboard. Feel how each key is shaped to the contour of the fingers, how it cradles the finger tips. Feel how natural, how right!

But just go down the line of new, improved features. See how the new GRAY MAGIC Royal betters the best—how Royal succeeds Royal as the World's No. 1 Typewriter!

New Color! New Look! New Touch! NEW FEATURES!



Finger-Flow Keys. Designed to cradle the finger tips, the Finger-Flow Keyboard gives greater clearance between rows of keys. And the touch that has made Royal the 2½ to 1 favorite among typists is even lighter, faster—now, more than ever, the operator's dream touch!



Removable Cylinder – another bit of Gray Magic – another new Royal improvement. Single-handed, with the thumb and finger of the right hand, you can lift out the cylinder to clean or change. A simple press and lift—and it's out. No tool kits! No mechanics!



Clean Change Ribbon—This new Royal exclusive permits swift, clean ribbon changing. The specially designed spool lets you slip the ribbon loop on without even removing the empty spool from its hub. No fuss—no more inky fingers—with this great new Royal feature.



"Magie" Margin - Most magic Royal feature of all. "Magic" Margin sets the margin where it's wanted, at the flick of the finger. Just position the carriage, flick the lever and it's all set. No reaching from carriage to keyboard and back - no fumbling with margin stops.

There are other new features, too—plus tried and true Royal exclusives. Call a Royal representative *today!* Meet the magic of the new easy-writing Royal in your own office. See how it means happier typists... better, faster work.

The NBW

GRAY MAGIC ROYAL

Made By The World's Largest Manufacturer Of Typewriters

"Magic" is a registered trade-mark of the Royal Typewriter Company, Inc.



Why we had our records put on MICROFILM

LIFE INSURANCE COMPANY: "Savings in floor space, preservation of old records, faster reference-all these factors influenced us to have 11/2 million weekly premium applications microfilmed."

AUYOMOBILE MANUFACTURER: "The active records of several thousand salaried employees were put on film for easier reference."

BANK: "We saved 98% in filing space by having 540,000 letters and withdrawal tickets microfilmed."

HOTEL: "Microfilming of guest records has made possible an efficient planned records retention program as well as a considerable saving in space."

WHY WE CHOSE Remington Rand Microfilm Service

ECONOMY. Nothing to buy or rentwork is done by Remington Rand's own experienced operators on their own machines at a predetermined cost. Ideal for "one-time" or periodic microfilming requirements.

COMPLETE FILM INDEXING. All records are indexed right on the film as thoroughly as paper files. Finding time is reduced by more than 90%. Records are certified to facilitate use as legal

QUALITY, PERMANENCE. Film is processed in a modern laboratory in accordance with U.S. Bureau of Standards requirements for permanency. Every roll is triple checked for density and resolution, completeness of coverage, and accuracy of indexing.

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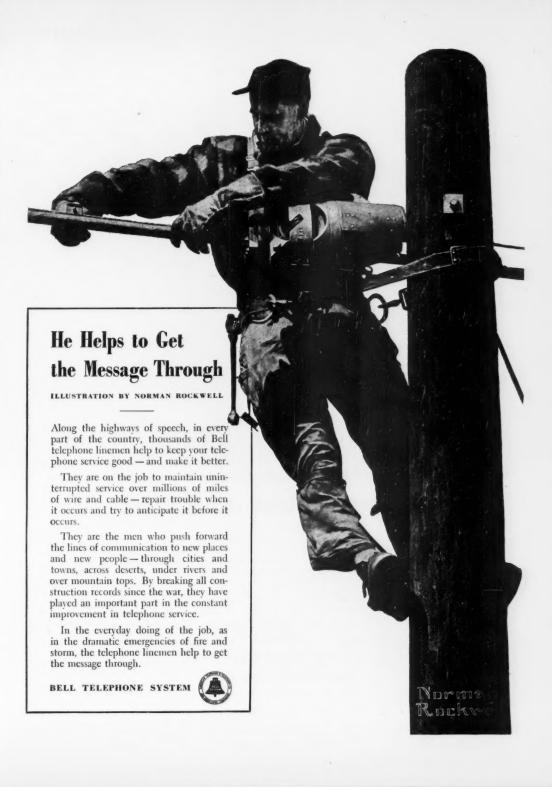
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BUSINESS WEEK . MARCH 5 . NUMBER 1018

(with which are combined The Annalist and the Marazine of Business? • Published weekly by McGraw-Hill Publishing Company, Inc., ames H. McGraw (1869-1948), Founder e Publication: A metal of the Company of the State of the Stat

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For the office of distinction... Made-Maker America's foremost metal desk

MODE-MAKER introduces a new concept into the design of a modern metal desk. It is truly streamlined ... no sharp corners or edges, no projecting hardware. Simple graceful lines and a lustrous gray finish lend elegance and distinction. Anodized aluminum binding, drawer pulls and bases add a final decorative note.

Mode-Maker has utility features and functional values never before offered in a business desk. Writing top is resilient gray Velvoleum or a special glass-smooth plastic. Drawers are completely interchangeable . . . cannot warp, shrink or swell. Letter-file drawer operates on heavy duty, progressive ball suspensions. A new center-drawer lock mechanism simplifies opening pedestal drawers.

Heading a line of 34 different models, the Executive Desk, with overhanging top, pictured here, represents the culmination of GF's 30 years' experience as the world's largest manufacturer of steel desks. Write for a catalog.



Dept. 15 . Youngstown 1, Ohio

GOODFORM ALUMINUM CHAIRS . METAL DESKS . METAL FILING CABINETS . STEEL SHELVING

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THE COVER

John S. Coleman, 51-year-old president of Burroughs Adding Machine Co., is, by training, a lawyer and an account-ant. As the latter, he doesn't think much of the way accounting explains business operations to the layman. So, although he is not a crusader at heart, he is now engaged in an important joust. Its aim: to eliminate "double talk and statistical mysticism" from accounting and financial statements of his company. The statement which Burroughs put out this week testifies to his success.

• The Man-A mild-mannered, medium-sized man, Coleman hardly looks the part of the energetic executive he is. Since taking over as Burroughs' president in 1946, he has modernized it, doubled its size, and guided it so that 1948 became the biggest volume and profit year in its history. But Burroughs is no one-man company, and Coleman knows it. He readily delegates power to able men under him. O1, the other hand, he likes to do things himself, and he thinks nothing of walking out into the plant to see someone rather than summoning him to the president's office.

Outside of business, Coleman's recreations are hunting, fishing, and boating. His favorite stories rib his own marksmanship.

• The Ladder-Coleman was born in Charleston, W. Va., enlisted in the Army in 1917, and went overseas as an ordnance sergeant. After the war he returned to Washington and took a prelaw course at Emerson Institute. He joined Burroughs as a junior salesman in 1920. But he continued his studies at night at Georgetown University's law school and was graduated in 1924.

Coleman has been with Burroughs ever since. In 1943 he moved to Detroit to handle the company's war work. The following year he became vicepresident and added production activities to his other duties.

-Cover portrait by Ralph Iligan. Complete Burroughs story begins on page 30,



HOW NYLON CUTS \$100 OFF NURSES' BILLS

Buying uniforms—and maintaining their fresh, spotless appearance—is an important item in a nurse's budget. In the past, these women in white usually purchased half a dozen uniforms every year—sent three to the laundry each week. Total out-of-pocket expense in a year's time: about \$130.

Now the nurses shown above—and many others—wear uniforms made of Du Pont nylon fibers. They can quickly and easily wash a nylon uniform in the evening. Next morning, it's dry and ready to wear—for properly heat-set nylon fabrics need little or no ironing. Laundry expenses can be reduced.

Because nylon fibers are so long-wearing, nurses need buy only two nylon uniforms a year. Their total uniform expense for a year is under \$30. That means an annual saving of at least \$100! Waitresses, beauticians and women working in food and drug industries can realize similar savings from nylon uniforms. And nylon fabrics are being developed for other types of uniforms and work clothes. If work uniform costs are a factor to you, look into nylon.

Get the facts about Du Pont nylon fibers. If you're not interested in uniforms, you may find the cost-cutting properties of nylon interesting in other ways. For instance, filter fabrics, ropes, bags or nets, power or conveyor belts, sewing thread or tarpaulins.

Nylon is tough and durable. It offers high strength with light weight. It's elastic and resilient, can be "set" to hold shape. And it resists deterioration by mildew, soil, and marine rot, petroleum oils and alkalies.

Write for booklet, "Nylon Textile

Fibers in Industry." It tells more about nylon's remarkable properties, and how industries use nylon for extra performance. Also write us about your fiber or fabric problems. We'll gladly try to help you. Address Room 6510-E, Nylon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.





BETTER THINGS FOR BETTER LIVING

For nylon . . . for rayon . . . for fibers to come . . . look to Du Pont



SUPERIORITY OF BELL & HOWELL PROJECTORS PROVED CONCLUSIVELY BY THESE STARTLING COMPARATIVE TESTS!

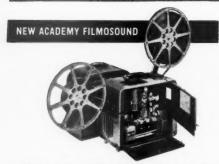
In a dramatic battle of elimination, seven competitive projectors are running continuously . . . 24 hours a day . . . on laboratory test stands.

As machines fail, they are removed, repaired, and replaced in the test. Because of low down time, the B&H FILMOSOUND (right) has passed 300 hours with a tremendous lead over any other machine in the race.

In buying a projector...especially for dayin, day-out use... make sure you choose a projector that is performance-tested. Make sure it's a Bell & Howell!



MACHINE REPAIRED	FILM BROKE	FILM REPLACED	PICTURE STEADINESS	FILM* PROTECTION
No	No	Once (at 80 hrs.)	Steady	Excellent
Twice (Major)	9 times	4 times	Very Unsteady	Fair**
Once (Minor)	16 times	6 times	Steady	Poor
Once (Minor)	2 times	Once (at 64 hrs.)	Slightly Unsteady	Fairly Good**
Twice (Major)	15 times	7 times	Very Unsteady	Poor**
Twice (Major)	ó times	3 times	Unsteady	Fairly Good**
Four Times (Major)	27 times	13 times	Very Unsteady	Poor
	No Twice (Major) Once (Minor) Once (Minor) Twice (Major) Twice (Major) Twice (Major) Four Times	REPAIRED BROKE No Twice (Major) 9 times Once (Minor) 16 times Once (Major) 2 times Twice (Major) 15 times Twice (Major) 6 times Four Times 27 times	REPAIRED BROKE REPLACED No	No No Once (at 80 hrs.) Steady Twice (Major) 9 times 4 times Very Unsteady Once (Minor) 16 times 6 times Steady Once (Minor) 2 times Once (at 64 hrs.) Slightly Unsteady Twice (Major) 15 times 7 times Very Unsteady Twice (Major) 6 times 3 times Unsteady Four Times 27 times 13 times Very Unsteady



Lightweight, portable. Provides 80-minute show . . stops for individual still pictures. Reverses instantly. Brilliant 1000-watt lamp. Double the sound output of other lightweight sound projectors. Approved by Underwriters' Laboratories. With 8", separate speaker, only \$495.

ALL FILMOS ARE GUARANTEED FOR LIFE!

During life of product, any defects in workman-ship or material will be remedied free (except transportation).

- * Ratings indicate condition of film relative to scratches and wear.
- ** Indicates machine also deposits oil on film.

★ ONE-CASE FILMOSOUND (shown above)

Outstanding picture brilliance from 1000-watt lamp. Natural sound from built-in 6" speaker. Fast rewind, instant reverse. Stops for stills. Approved by Underwriters' Laboratories. An amazing value . . . \$449.

FOR FULL DETAILS, write Bell & Howell Company, 7116 McCormick Road, Chicago 45. Branches in New York, Hollywood, and Washington, D. C.

Precision-Made by

Bell & Howell

Since 1907 the Largest Manufacturer of Professional Motion Picture Equipment for Hollywood and the World

BUSINESS OUTLOOK

BUSINESS WEEK MARCH 5, 1949



One inventory problem still remains to be worked out. That's the accumulation of finished goods at factories.

Cautious stocking has kept wholesalers and retailers in pretty good shape (BW-Feb.26'49,p19). Manufacturers, too, have been cagey about buying raw materials beyond immediate needs.

Even so, factory inventories went up about \$400-million in January. The total hit a record \$32.2-billion.

And prices, mind you, were tending to wash the value down.

Most concern over inventories for several months has been the amount of finished soft goods in manufacturers' warehouses. And soft-goods stocks went up another \$300-million in January.

Some of the recent slowness in business can be traced to the growing finished-goods inventories at the factory level.

Plants have trimmed output, waiting to ship stuff already made. This cut into employment and payrolls.

And purchasing agents held off buying of raw materials. That backed up on suppliers, particularly in lines where no scarcities existed.

What comes next? Most companies will get stocks and sales back into a more normal ratio shortly. Then they will begin buying raw materials.

That will tend to bolster the wobbling price structure.

<u>Prices</u>, on the average, probably will rise a little from now to May. That is, barring an upsurge in imported raw materials. (From May on, new crops will be a major factor in price movements.)

The general price level has been declining for five months (page 24).

Prices received by farmers are down 16% from their postwar peak; farm products have slid 13% at wholesale. Food prices are down nearly 18% at wholesale. Cotton gray goods have been cut by half.

But now meat prices are rising as supplies dwindle seasonally. Grains are rallying. Industrial prices are level; more will rise than dip.

One great phenomenon of the postwar boom is the way industrial activity has held up despite price movements.

By all past performances, a price break brings a business tumble.

This time, none has come. Supported agricultural prices are part of the answer. Huge government outlays are another. Business inventory accumulation is still another (with a rise of \$3.7-billion in a year).

The economy, in fact, is on a permanently higher price plane. But it isn't certain that we have shaken down to that level. The buyers' market still is too young to have forced a full adjustment.

But, as long as "adjustments" don't nip the boom, everything is O.K.

Lower prices in this country pull two ways on markets abroad.

Obviously, foreigners can make their dollars go farther. They can buy more machines or food or clothing if price tags are lower.

But, first off, they have to get the dollars to spend, over and above Marshall Plan aid. They do this mainly by selling goods to us.

If our prices are going down, that means they will get less money for

BUSINESS OUTLOOK (Continued)

MARCH 5, 1949

the goods they ship to the U. S. The natural tendency is to try to sell more before prices go still lower.

That could glut markets. It has metal producers worried.

Copper, lead, and zinc still are at their highs. The markets are firm. But any increase in imports could knock prices down.

You can still get an argument on how soon steel supply will meet demand. Yet there is no question but that the situation is easier; two examples of that popped up this week.

Granite City Steel cut prices on cold-rolled sheets. This didn't shade base prices in the industry. It just brought Granite down into line. But it shows what has happened to premium prices.

Westinghouse Electric shut down a furnace, run for it by United Engineering & Foundry. This open hearth had been giving Westinghouse 4,500 tons of steel a month. The furnace is supposed to be down 10 days for repair; but Westinghouse isn't sure it will be fired again right away.

More "bonus" steel is going to mill customers. It's available because of lower takings by companies that are slowing down.

Some of this "extra" steel was going into appliances earlier; other tonnages will be turned back by freight car builders from now on.

And the auto industry this year should be eating off the table of its twin, the truck industry. Most of the independent truck makers are turning out less than two-thirds as many units as a year ago.

Yet makers of light trucks still are going strong. Ford, Dodge, G.M.C., Chevrolet, and Studebaker are even with, or ahead of, last year.

Parts suppliers, however, fear further cutbacks in trucks are coming.

Here's a famous first: Use of synthetic fiber in tire cord passed cotton for the first time in the last quarter of 1948. Use of rayon and nylon totaled 65-million lb., cotton 64-million.

Actually, though, the synthetics backed into top spot.

Use of cotton declined steadily last year. Rayon and nylon went ahead largely by the simple process of holding their own.

One contribution to the drive to build low-cost housing (page 21) came this week.

American Radiator & Standard Sanitary cut prices on numerous heating lines. The company said the cuts averaged 5% on boilers for steam and hot water home heating, from 2% to 20% on warm-air furnace equipment.

Plumbing fixtures should be in much better supply from now on.

Value of output in 1948 averaged substantially ahead of 1947; the final quarter set a postwar high. Manufacturers' shipments were \$72.7-million in the fourth quarter, up 16% from the third, and 27% higher than in the last quarter of 1947.

Total value for 1948 was \$254.7-million against \$187-million in 1947.

More home mortgage money was available in 1948 than in 1947—\$11.6-billion against \$11.4-billion. However, slightly fewer mortgages were written—and dollar volume was below a year ago from September through December.

Contents copyrighted under the general copyright on the Mar. 5, 1949, Issue-Business Week, 330 W. 42nd St., New York, N. Y.



"I Need Tone Quality"

"Ekotape" satisfies this user, with superlative tone quality, dual channels of amplification, large speaker, dual tone con-trols. Powerful oversize motor does away with wow and flutter.

"Simple Operation!"

Just drop tape into the slotno complicated threading. Operation and controls are simple, positive, clearly marked. "Ekotape" doesn't distract from your work-it

"Fast Forward—Fast Rewind"

Many users need to locate desired parts of recordings quick-ly. "Ekotape" provides fast cueing, time indicator scales, fast rewind, and fast forward speed interlocked with the

"TAPE is the Best Medium"

He's right. Tape doesn't snarl or kink, or twist and distort tone. It is easily spliced and edited. Tape provides its own separation between magnetic layers—less danger of transfer-ring the fields from layer to layer. Tape recordings may be duplicated, in quantity, economically.

RECORDER USERS tape "features. told us what they wanted -



and here it is ... in the NEW RECORDER-

REPRODUCER

Before the "Ekotape" was produced, hundreds of users of various recorders told us what recorder features were important to educators, and professional and business men. These features, tested in early pilot models, are now available to you in the new "Ekotape." With microphone, cords, tape, instructions, in handsome scuff-proof deep blue carrying case.



"Ample Power"

More power output and volume, with large 8-inch speaker; extra power to operate external speak-May be used as, or connected to, a public address system, to broadcast from tape recordings or direct from the microphone.

"Recording Quality"

"Ekotape" provides a separate ampli-fier channel for recording, electronic recording volume indicator and cise control, and high and low level input jacks for recording from microphone, tuner, or transducer. Program may be monitored, and volume regulated before recording is started.

Get this Book

"What users say a recorder should have," hints on selecting the right recorder, explanation of magnetic recording, and description and specification of the "Ekotape." Twelve pages, illustrated, and worth reading. Get a copy-free, of course.

WEBSTER



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"Where Quality is a Responsibility and Fair Dealing an Obligation" Manufacturers of Intercommunication and Sound Systems... "Featheride" Tone Arms and Pickups for radio-phonographs

Please send me free your "Ekotape" booklet Company or Organization.... City.....State.....

WEBSTER ELECTRIC COMPANY, Racine, Wisconsin

Teaching Surgery by Television!



There are more rubber gloves in this picture than you can see. They are worn by Mallory craftsmen in assembling a vital component that makes the miracle of television possible.

That part is the Mallory Capacitor. It ingeniously stores up electrical energy and feeds it to the tubes in your television set. Capacitors have to be as durable as they are small, to withstand electrical shocks and the very high television temperatures over long periods of time.

The heart of a Capacitor is so delicate that perspiration from human hands, which contains salt, can shorten its life. So all Mallory workers on Electrolytic Capacitors wear rubber gloves to prevent trouble, just as surgeons wear them to avoid infection. The result: rugged and trouble-free television sets. Because of this adherence to precision ideals, Mallory parts for radio and television are the standards in the field. Mallory, for example, designed and built the Inductuner* which provides the most efficient and dependable continuous tuning of the entire television and FM spectrum with a single control.

In electronics, electrochemistry and metallurgy, Mallory's creative research and over 30 years of experience have played big roles in perfecting many post-war products that mean so much to the American's home, health and happiness.

If you have a design or production problem that lies within the range of Mallory's interests, we suggest you consult with our engineers now. Their many successes in experimentation and development, before and after products have been marketed, are strong evidence they can be of real help to you.

SERVING INDUSTRY with Capacitors • Contacts • Controls
• Rectifiers • Switches • Vibrators • Power Supplies •
Renistance Welding Materials

P.R. MALLORY & CO., Inc., INDIANAPOLIS 6, INDIANA

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	Average for t					,			
				100), January 170.9	375.6	374.0	171.4 385.2	168.8	105
				aug., 1939=100)	266.6	†268.6	276.5	272.5	138
				ug., 1939=100)	296.7	293.4	300.6	370.6	146
					\$97.77	\$97.77	\$97.77	\$81.14	\$56.
					\$37.25	\$37.25	\$40.42	\$40.00	\$19.
					23.500∉	23.500¢	23.500€	21.500¢	12.022
Wheat (I	Kansas City, bu.	.)			\$2.26	\$2.20	\$2,23	\$2.43	\$0.9
					5.72¢ 32.67¢	15.62¢ 32.65¢	5.65¢ 32.81¢	5.47¢ 33.27¢	3.38
					\$1.583	\$1.633	\$1.712	\$1.855	\$1.28
					18.53e	18.50e	19.10¢	19.88¢	22.16
INANCE									
					115.5	117.1	121.2	111.6	78.
					3.47% 2.71%	3.46% 2.71%	3.44% 2.71%	3.53% 2.84%	4.339 2.779
					11-11%	14-11%	14-13%	11%	1.009
				g rate)	11-11%	11-18%	11-11%	13%	1-89
ANKING	(Millions of	dollars)							
		d, reporting member			46,299	†46,079	47,665	47,559	++27.77
		nts, reporting mem			61,946	†61,991	62,852	64,057	1132,30
Commerc		nral loans, reporting			15,222	115,265	15,381	14,591	116,96
Committee		g member banks ranteed obligations			1,738 32,814	1,766	1,948 33,411	1,707 36,281	††1,03 ††15,99
	t and gov t gual			nember banks	4,267	14,260	4,171	4,166	1113,99
U. S. gov'	urities held ren	offing member ban			F9-7/	.,	.,	-,400	
U. S. gov' Other seco					620	540	920	964	5,29
U. S. gov' Other seco Excess reso	erves, all membe	er banks			620 22,847	540 22,926	920 22,960	964 21,707	5,29 2,26



"You know, I still love these things!"

Remember lemon sticks? Most of us haven't had them since we were kids. But every spring a real country fair is held in Rittenhouse Square in downtown Philadelphia . . . and for a while people suck lemon sticks, and buy flowers and things for charity, and forget their dignity and age.

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19 OFFICES

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WASHINGTON OUTLOOK



JOHN L. LEWIS is back in town from his vacation—with plans drawn up for spreading the work in the coal fields.

The way he would do it is to have his union sit in with management to schedule production of soft coal—thus expanding to the whole industry a system now operating in the anthracite field.

The technique:

Set up a joint union-management committee that would (1) fix, week by week, the amount of production needed to satisfy demand; and (2) assign each mine and each miner an equal share of the job.

Lewis's motive for pushing this idea is to insure each miner an equal opportunity to work (BW-Feb.5'49,p86). He promised at the last mine workers' convention: We will all work together, or all starve together.

Of course, the scheme could also have its impact on coal users. For instance, would the committee hold production down to keep prices up?

Any such use of the committee, of course, would risk antitrust action. But that hasn't happened in the pilot-plant operation in anthracite. And it's hard to demonstrate that production schedules to spread work evenly work, in fact, to limit output.

After all, the same coal-industry ailments that put miners out of work also pull down prices—part-time shutdowns, steadily declining demand, expanding stockpiles.

Since Lewis made his pledge last October, short-term prospects have dimmed for coal, to the point where there's even talk of a new Guffey coal act (BW-Feb.19'49,p16).

May 1 is the date when Lewis will put his plan before the operators for approval.

That's when he is going to reopen wage-contract talks. He can reopen at any time, but he has decided to wait as long as possible—to see which way business is trending.

The soft coal contract expires June 30. Taft-Hartley's 60-day strike notice means that May 1 is as long as Lewis can wait.

ECA MONEY has not been endangered by the Mayhew flub. Needled by the Russians about American imperialism, Britain's U. N. delegate boasted of his nation's recovery (page 103).

Congress may chip a bit off the \$5.6-billion

that Hoffman wants for the next 15 months. But it will be only a \$25-million or so slap on the wrist.

The real significance of the hubbub over the state of British recovery is this: Congressmen's misgivings about the cost of foreign aid lie just under the skin; they can be exposed by pin-pricks.

That's all the Mayhew incident was—a pin-prick.

Touchy congressmen reacted: If this be true, why another \$940-million for Britain? It took Hoffman several days of repeating previous testimony, in public hearings, to satisfy congressmen that it's politically safe to go ahead and vote the money.

Arms for Europe can be expected to stir up examples of the same kind of hubbub when the program reaches Capitol Hill.

Already, Taft argues that our guns couldn't help Europe stave off Russian aggression, that voting to send guns might bring on Russian retaliation.

The prevailing sentiment around town, however, is that arms aid for Europe is essential—if only for its psychological value as tangible backup for U. S. promises of military alliance.

So arms money will be voted, too. But, before it is, there will have to be a lot of mollifying talk such as the Mayhew incident brought on. That, after all, is still a part of the legislative process.

CHURCHILL AND TRUMAN will meet again at month's end.

Their talks will be unofficial, of course. The President can't invite Churchill over any more than Attlee could invite Vandenberg to No. 10 Downing St.

But the two will meet in Boston, where both have agreed to address the Mid-century Convocation on Social Implications of Scientific Progress at M. I. T. Churchill speaks Mar. 31; Truman, Apr. 1. And Churchill is staying over to see his old friend.

Their meeting will come at a momentous time. The North Atlantic Pact will have been signed. And Churchill will be fresh from his efforts to set up an unofficial organization to push for a United States of Europe.

FORRESTAL'S RESIGNATION date is now fixed. He intends to leave May 1; only if military legislation is in critical straits on that date will he stay a little longer.

His leaving is his own decision. He is dog-

WASHINGTON OUTLOOK (Continued)

tired; he is on the unpopular side of several fundamental policy issues facing the Truman Administration. He feels he has served long enough, longer than any other war recruit from business (page 25).

Forrestal's departure will wind up the postwar era in which professional söldiers and financiers dominated government policy.

Marshall was first to retire. This week, Under Secretary of Army Draper left. Generals Lucius Clay and Bedell Smith are on their way out. True, there is still MacArthur, but he is wrapped up in simply occupying Japan.

So Truman and Acheson are becoming masters of U.S. foreign policy. Of course, a general like Mark Clark will replace Clay in Germany but he will take his orders from Acheson.

Truman will be on a spot when Forrestal leaves.

There is no natural successor on the scene, like Acheson for State, available to boss the sprawling Pentagon.

Rather, Truman risks a political brawl in picking a new Secretary of National Defense. He will find it next to impossible not to appoint Louis Johnson. Johnson wants the job, and feels he won it by answering Truman's plea that he serve as finance chairman in last year's campaign.

But nobody concerned with the pitfalls of unification—that beset Forrestal—sees Johnson as the man for the job. His prewar term as Under Secretary of War was marked by continual intradepartmental feuding. It wound up in a public name-calling between Johnson and Secretary Woodring, and the ouster of both.

Truman would be happier if he could get by with naming, say, Johnathan Daniels or Justice William Douglas.

Daniels is the son of the World War 1 Secretary of the Navy; he wrote Truman's most telling speeches in the closing days of the campaign.

As for Douglas, the liberal wing of the Democratic Party will push this chance to build him up for 1952.

DON'T COUNT ON any real easing in Regulation W—the curb on instalment buying—before April, despite this week's token modification.

Federal Reserve, like everyone else in Washington, wants to wait at least until then before making up its mind which way business is going.

Anyway, the board is still unsympathetic to

those whose complaints against Regulation W are loudest. Sure, used-car dealers have been hurt; but the board sees the field still crowded with getrich-quick operators who won't cut prices.

Also, it's the big credit houses that are doing the most complaining. A lot of little fellows just ignore Regulation W entirely.

When the board does decide to make a significant change in the regulation, here is the way it will do it: Slice the down payments to 10% (autos probably to 20%), extend the period of payment to 24 months.

At the same time, the board expects to cut stock-margin requirements from 75% to 50%.

AFTER HOOVER'S REPORT on reorganizing the federal government is all in, who keeps the ball rolling to get the recommendations carried out?

Vandenberg asked the question this week, proposed setting up a continuing congressional committee. Hoover, with an eye to congressional inertia, doesn't agree.

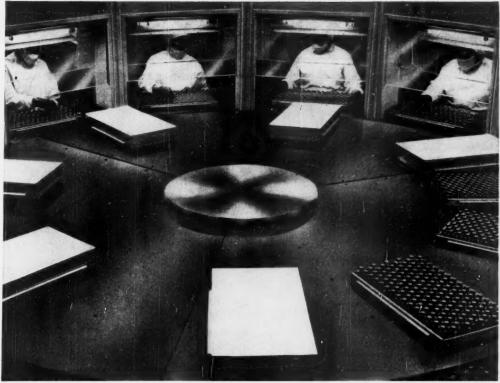
More likely you will soon see a big-name national committee emerge as a self-constituted successor to the Hoover commission. Its purpose: to build a grass-roots pressure among women's groups, business clubs, and the like for talking things up, getting the job done.

IF YOU'RE PLANNING TO MOVE your business to the South, the National Planning Assn. is working up data that will interest you.

Three reports from its 1946-created Committee of the South are due out soon: (1) how and why 88 industrial plants set up since the war picked the South; (2) disposition and status of surplus war plants and military establishments in the South; (3) the role of state planning and development agencies in southern states.

Two more southern reports are in the works:
(1) a survey of resources and economic policies;
(2) the influence of population migration on the region.

- The Spanish Embassy is wining and dining southern congressmen; between courses, the talk runs to how badly Franco wants 250,000 bales of U. S. cotton if only Spain could get \$50-million in dollar credits. . . .
- Lion-and-lamb note: The National Assn. of Electric Companies, the private-power lobby, bought page ad space this week to publicize opposition of the C.I.O.-Utility Workers Union to TVA's steam plant. Top C.I.O. leaders are nettled, point to their own endorsement of the project.



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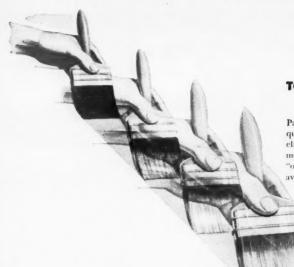
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TO MAKE A GOOD PAINT BETTER USE G-E SILICONE OIL

Paint manufacturers have found that by adding small quantities of General Electric silicone oil they can eliminate the separation of pigments which causes mottled or streaky paint surfaces. Similarly, the "orange peel" look of certain lacquers has been avoided by the addition of G-E silicone oil.

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lease agents needed in the tire and mechanical rubber goods industries.

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BUSINESS WEEK

NUMBER 1018 MARCH 5, 1949



G. M. PRESIDENT Charles E. Wilson's price cut is surprise punch as industry starts . . .

Fighting for Auto Sales

Sales of most makes are still up, but quicker deliveries and troubles of the independents show that automakers will be battling for sales this year. G. M. gets the jump.

Competition has returned to Detroit. Within a matter of weeks the whole character of the automobile market has changed. Buyers are no longer clamoring for ears. Nearly all models are now available for immediate delivery—or within a few days. Some companies are stockpiling ears for spring delivery; others are cutting back production.

Savvy Detroiters snifted this change late last year (BW–Dec.25'48,p19), but most of the industry has been startled by the suddenness of the shift. So it's now in the throes of readjusting its operations to the new kind of market.

 Business Still Good—It's not a disaster that the industry is adjusting to. Detroit is convinced that the market is still there; but it now takes prewar-type selling—competitive selling—to reach it. That makes the sales department the key operation in every company. It means the really significant production problem is cost reduction. And it puts the competitive situation right into the middle of union wage negotiations (page 92).

• Price Cut—The most sharply competitive move so far came from the company which feels the least competitive pressure. General Motors was under no immediate compulsion to cut prices when it reduced the tag on passenger cars and Chevrolet trucks by \$10 to \$40. G. M. cars are front runners in the sales race, and at least two of them—Cadillac and Chevrolet—still have orders booked farther ahead than any other makes.

However, the deeper cuts—\$100 to \$150—in G. M. C. light trucks do reflect a definitely weaker market for trucks.

Even on passenger cars, G. M. officials are rather skeptical about the significance of long retail order lists; all G. M. divisions have been told to quit talking about them. So if the company jumped the gun on price-cutting, it was only by a few weeks or months.

• Timing—Nevertheless, by jumping the gun, G. M. has put all its competitors on the defensive.

Whose scheme was it?

Ideas, in a vast organization like General Motors, can rarely be traced to any one man. But Detroiters recognize the characteristic flair of president Charles E. Wilson in the brilliant timing of the move.

Wilson made his cut only two days after Chrysler Corp. had raised the prices of its new models an average of 6.7%—and only a couple of hours after Chrysler had released an annual statement saying flatly that 'higher prices at this time are inevitable."

Announcement of the price cut dropped on newspaper desks simultaneously with a United Auto Workers statement attacking General Motors for "exploiting" its contractual wage reduction by maintaining prices.

The move also strengthens General Motors' union-bargaining position at a critical time. Theoretically, G.M.'s present contract protects it against wage demands until 1950. However, U.A.W. is pressing the other motor companies for wage and pension benefits; any large union gains would put strong pressure on G.M. to reopen its contract voluntarily.

Now, by tightening up the price lines, Wilson has practically forced his competitors to stand firm against major wage concessions—at the same time that he strengthens his own position against union pressure. He has emphasized the close tie between wages and prices.

And if a firm stand by other companies leads to strikes, that won't hurt G.M. sales any.

• Moral—Ford was quick to point the moral for its employees. Personnel director John S. Bugas wrote a letter to every Ford worker: "Primary problem facing us is one of sales and steady jobs for our employees. Our success will not depend on how many cars we can make; it will depend on how many cars we can sell. We can sell cars only if our prices are competitive. Our labor rates right now are at an all-time high. As a result.

the prices of our products are at record high levels."

• Price Comparison-G. M.'s action leaves the competitive price lineup in Detroit showwindows looking like this:

			0	
Model	Chevrolet Styline Special	Ford 6	Ford 8	Plymouth DeLuse
Busine	ess . \$1,421	\$1,408	\$1,511	\$1,441
Club	. 1,502	1,492	1,603	1,594
2-door sedan.		1,503	1,592	
4-door sedan .		1,552	1,641	1,626

· Sting-The competitive sting of Wilson's action was evident in the prompt and bitter retort it drew from A. vanderZee, Chrysler's vice-president in charge of sales: "General Motors reported a profit of 9.5% on their sales in the first nine months of last year, compared with a profit of 5.69% on sales earned by Chrysler for the full year 1948. Perhaps now that they have seen the very fair prices which Chrysler Corp. has put on its superior new models currently being introduced, they have decided it is to their advantage to get more in line competitively . . . We hope the public maintains an intense interest in this competitive aspect of the automobile business. We welcome it!" · Savings-What gave General Motors its price-cutting leverage was its slidingscale wage contract with U.A.W. The fall in the cost of living resulted, under the contract, in a 2¢-an-hour wage cut.

effective this month (BW-Feb.26'49,

p112). That will save G. M. about \$4

Also, G. M.'s raw material costs are down. Fabric prices have been declining. So have quotations on leather goods, raw rubber, and other items. It's true that official prices of steel in Detroit are up-perhaps as much as \$12.60 a car-since the steel companies stopped absorbing freight. However, this may well be offset by the easier supply of steel; G. M. can get more of its steel from regular suppliers instead of expensive conversion deals.

• Impact-What looks like the most immediate impact of the G. M. price cut on competitive sales is this: It makes the public expect other price cuts soon; so the potential buyer of another make holds back to wait for the cut.

This contributes to the chain reaction which has already reversed the tone of the whole auto market. When demand for the least-popular makes first slackens, the dealers affected begin to lengthen trade-in allowances. forces dealers whose cars are on the edge of slackening to do the same. Word of this competitive selling gets around. Even buyers of the popular makes hang back.

"Our experience is," says one automotive veteran, "that one week we can't build enough cars, and two weeks later we can't find a customer for them. That's how long equilibrium lasts in this business."

•Shock-One big auto manufacturer has just been hit by dramatic evidence of how far this turnover has gone. For publicity purposes, he wanted to set a onemonth sales record in a major metropolitan area. He offered his dealers there an almost unlimited draft on cars above their regular quotas. One of them

took 22 extra cars, a little less than a month's quota. To sell them, he canvassed what he had thought was a year's backlog of orders; he sold 18.

In Detroit last week a casual visitor to a Ford showroom was offered a twodoor sedan off the floor (he would have had to take a substantial group of accessories). At least two Chrysler dealers had Immediate Delivery signs plastered on their showroom windows.

Production cutbacks are showing up. Ford is slowing production of Lincolns because of lower demand, and several of the independents are hit.

Kaiser-Frazer Corp. shut down production through most of February. It blamed its troubles on Regulation Wwhich is one way of saying that sales

Willys-Overland Motors, Inc., followed up a two-day shutdown in mid-February by stopping production last week for an indefinite period. Immediate cause is stoppage of Jeep sales in the blizzard-stricken West. But Willys sales have been slowing down all winter.

Hudson Motor Car Company this week cut output from 972 cars a day to 800, laid off 4,500 workers. Hudson said that was all retail sales warranted. · No Fears-But even the companies that are feeling the brunt of the changing market expect a good year in 1949. They think their immediate troubles stem from a revival of seasonal sales patterns. (Before the war, December, January, and February sales each usually averaged only 6% of the year's total.)

To deal with the buyers' market which the troubles of the less-popular makes demonstrate, auto men figure they have two weapons: salesmanship

and price concessions.

· Selling Pays-To prove the effectiveness of vigorous selling in today's market, one manufacturer cites his experience in Denver. He has two dealers there, each with a citywide franchise, each with a December quota of 14 cars. One dealer, that month, asked the company to take back seven of his cars; he couldn't sell them. The other dealer, selling in the same territory, heard about this, asked for the extra seven cars, got them, delivered them with case, and looked around for more.

• Kaiser-Frazer-And on the price side. Kaiser-Frazer last week practically invited its dealers to lengthen trade-in

allowances.

Effective Apr. 1, Kaiser-Frazer upped its dealer discounts to a range of 24% to 28%, depending on the model. Present discounts run 18% to 23.3%, well under the industry average of 24%-

Until Apr. 1, K.-F. is awarding all its dealers a \$200 "trading discount"-a cash bonus for every car sold at retail and replaced with a factory order.



New DeSoto Follows in 1949 Chrysler Pattern

The new DeSoto, introduced this week, is smaller outside, yet larger inside-like its companion in the Chrysler line, the Dodge (BW-Feb.26'49,p97). Other features of the 1949 DeSoto are: more power through increased compression (the ratio is now

7-to-1), better visibility through all windows, and redesigned interiors. The 1949 Custom line includes five models, the De Luxe line four. In the latter is a new utility car with folding rear seats. The model shown here is the Custom club coupe.



A SAMPLE OF LOW-COST HOUSING, this two-bedroom, 704-sq.-ft. dwelling was put up by Detroit builders as part of a demonstration project. It was built to sell for \$7,200 plus \$700 for the lot, but local regulations bar it in most areas, including Detroit

Builders' Goal: Cheaper Houses

Speculative builders shifting to lower price brackets, Business Week survey shows. Main problems: satisfying the buyer with less house, and financing. Prospect is for fewer starts in '49.

The home-building industry has the makings of a bigger-than-ever boom on its hands this year. It also has a problem to solve-prices. And it can't have the boom unless it solves the problem first.

This is the conclusion you draw from a BUSINESS WEEK SURVEY this week of the

• The "Climate"—Practically all the mechanical problems that have plagued builders since the end of the war are licked now. Materials are freely available. Manpower is easier to get and somewhat more efficient. Costs are turning down a bit. As far as builders' ability to build is concerned, 1949 could be an all-time record.

But the nature of the market is changing. And that creates the problem. Builders figure that the market for homes selling above \$12,000 is pretty well satisfied now. At the same time, the demand for houses selling under \$8,000 still is practically unlimited. To keep the boom going, builders will have to adapt their plans to this situation. They must switch from higher-priced houses to the lower end of their price range.

• Tough Job-Making the shift isn't so casy as it sounds. In the first place, it's hard to build a low-priced house that meets the minimum demands of the prospective buyers. In the second place, it's getting harder and harder for such buyers to arrange financing.

So the 1949 building season is likely to get off to a slow start. And the total number of dwellings built during the year probably will fall well below the 925,000 units started in 1948.

Government experts officially predict 875,000 starts for 1949. Some of them now privately guess, that 825,000 is a better bet. Dollar volume will be down even more, because of the shift to less expensive units.

• Plenty of Optimism-But builders generally are cheerful about their prospects. Business week's survey shows that nearly all of the larger speculative homebuilders are planning to go all-out on lower-priced housing in 1949.

Typically, the man who built 50 houses selling at \$14,000 last year is planning to put up 100 or more units selling around \$7,500 in 1949.

In Atlanta, for instance, J. A. Bergen & Sons built 15 houses last year selling at \$16,000. For 1949, the firm is planning 200 to sell for \$7,000 to \$9,000.

In Los Angeles, a big operator who put up 400 homes in the \$7,250-\$7,950 bracket last year is shooting for 4,000 units this year.

In Cleveland, one builder put up 60 homes in 1948, selling for an average of \$10,000. This year, he plans to build 150, ranging from \$8,000 to \$10,000.

• Shifting Situation—The WEEK survey also shows that the supplyand-demand picture in housing has been changing fundamentally during the past six months or so. The worst of the squeeze is over now; the building industry is getting back on something like a normal basis.

Here are some of the points on which builders and real estate dealers gen-

erally agree:
(1) Vacancies are showing up in increasing numbers. Buyers are getting more choosy; if a house isn't priced right, it won't sell. In some areas, you can find houses built in 1948 and still unused. These are mostly in the higherpriced brackets. But buyers also shy off from comparatively cheap houses that aren't attractive.

(2) Prices of old houses are coming down. Asking prices aren't off much. But when there is a sale, the price will be anywhere from 5% to 25% below a year ago, depending on the age and

location of the house.

(3) Getting materials is no longer a problem to the homebuilder. Practically everything is available for im-

mediate delivery now.

(4) Building costs are coming down a little. With supplies freely available, there's no reason to pay gray market prices. Some list prices have been cut substantially-lumber, for instance. Also, it's possible now to schedule operations so no time is lost waiting for bottleneck materials. Wage rates are still rising, but labor is working more effi-

(5) Mortgage money is still getting tighter. Banks and mortgage companies are asking for larger down payments and higher interest rates. They are reluctant to lend on small houses, mainly because they think the risks are greater.

New legislation may clear up this trouble later in the year. The Senate Banking Committee is pushing a bill that, among other things, would: (1) liberalize FHA insurance for mortgages on lower-cost homes, and (2) create an easier secondary market-in the National Mortgage Assn.-for mortgages on such dwellings. But, until Congress acts, the mortgage problem is going to be a real drag on homebuilding.

• Real Problem-The biggest headache for most builders now is to get enough value into a \$6,000-\$8,000 house to keep buyers happy. Builders in most parts of the country say they can't come down to that range without cutting the size of the house to 700 sq. ft. or thereabouts. And they have to lop off a good share of the trimmings that the customers like.

Builders also complain that zoning laws and building codes blow up the cost of a small house. And almost all of them say that building lots cost more now than they should. Another thing: Cities and towns frequently buck the costs of new streets and sewers onto the builders, instead of paying them out of

the municipal kitty; this means a higher selling price for all the houses in the

project.

• Hopes—The big builders hope to cut costs (or build in more value) by cashing in on the economies of large-scale operation. They are going in heavily for panel assemblies, plumbing assemblies, power equipment, and simplified designs.

Some of the smaller operators think they can get the same results by close supervision of each job. But many small builders figure that there is no place for them in the mass-housing field. They plan to work only on order during the next year or so.

Or they will follow the example of a Boston operator who says: "Home buyers are having troubles in financing. And my profit is small in comparison to the headaches of building. So I'm not going to build new houses in 1949. I'll do repair . . . work instead."

Public Housing

810,000 subsidized houses, subsidies for clearing blighted city areas likely to get through Congress.

Chances are the federal government will foot the bill for \$10,000 new low-rent dwellings over the next six years. That's the figure in the compromise housing measure introduced in the Senate last week. And from present signs, it will be the one that gets through the \$1st Congress.

As it stands the figure is a compromise between the Administration's 1,050,000 units in seven years and the 600,000 units in six years plumped for by Sen. Taft and other Republicans.

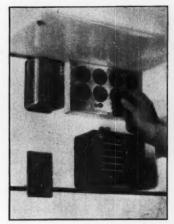
The bill calls for payments up to \$308-million a year to local housing authorities, with subsidy contracts good for 40 years. Cost of construction is pegged at \$1,750 a room; for the big cities, though, it could be upped to \$2,500 a room.

• Social Aim—The bill makes an attempt, for the first time, to provide "a decent home and suitable living environment for every American family." As much of the total need as possible should be supplied by private enterprise; for the rest, local bodies and farms will get government aid.

Slum-clearance provisions go beyond those of Taft-Ellender-Wagner. Local bodies could take over open land for community development. They could also buy and clear blighted areas, or assemble open tracts, for sale to private firms or housing authorities—at prices that would make development possible.

Loans up to \$1-billion, over a five-

year period, are authorized for this sort of land purchase and clearing. Subsidies of \$500-million could be made to local governments to cover two-thirds of their loss in clearing and resale operations.



Under housing research, the bill calls for a national census of housing in 1950. That's one of the things the banking committee stressed in its report. The only late data they have now are from a sample census taken in April, 1947.



Push-Button Controls Run Vacuum . . .



. . Even Bring Beds Together in California House

Just north of San Rafael, Calif., young Navy veteran Arnold H. Forsman has put him up a house to beat all houses. It contains about every gadget a lazy man—or woman—would love. What's more, they all run by remote control. At the push of a button doors lock 4hroughout the house; or curtains close; or a vacuum cleaner, untouched by human hand, comes out of its closet and sweeps the rug—without touching a piece of furniture. Upstairs in the master bedroom,

another switch will move the twin beds together—or apart. For this latter gadget Forsman has little use; he's not married. In fact, he doesn't even live in the house. He is using it as a showplace, letting visitors go through it at 85¢ a head. In this way he hopes to get some return on the \$32,000 he spent on it. A cabinetmaker by profession, Forsman did all but the heaviest work on the house himself. He figures it would cost \$75,000 to duplicate today.

What's an Ad?

The Post Office raises the question by rewording its definition. It would affect users of second-class mail.

Magazine and newspaper publishers got a big jolt from Postmaster General Jesse Donaldson this week.

Donaldson laid before Congress his plan to boost postal rates and raise an extra \$253-million annually, which would help wipe out the department's ever-increasing deficit. Heavy mail users hardly liked the rate hikes, but they had known pretty much what to expect beforehand (BW-Jan.29'49,p24).

• Broadened Definition—What bothered second-class mail users was something quite unexpected: a vastly broadened definition of what constitutes advertising. This is used in determining whether or not magazine and newspaper publishers contain enough editorial material to entitle them to second-class mail rates and privileges. The new bill counts as advertising any editorial material that:

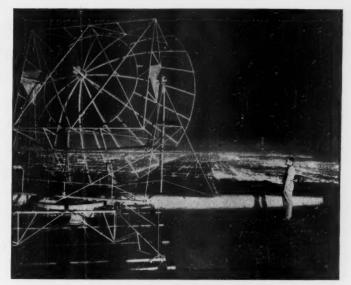
Gives an advertiser or his product a write-up "in accordance with a custom or understanding, explicit or tacit;" features merchandise or service and gives the name of the company with the obvious intent of enabling the reader "to obtain the merchandise, equipment, or service described."

 Aimed at "Puffs"—Postal technicians who drafted the bill say these paragraphs are aimed at the "puff" stories some newspapers and magazines print for advertisers. But they agreed the language could easily cover real-estate and fashion pages in newspapers, new-products sections in business magazines.

If postal authorities chose to apply the proposed definitions that strictly, a number of publishers might lose their second-class privileges. To keep them, publications must keep the ratio of advertising to editorial matter below 75% • Deficits—The proposed new rates

• Deficits—The proposed new rates would help make up some—but not all—the Post Office's annual deficit. In the 1948 fiscal year that amounted to a record \$309-million. And in the current fiscal year (ending mid-1949), it will even top that figure, reach an estimated \$500-million.

The burden of providing additional revenue would fall mainly on secondclass mail if Donaldson's bill passes, Proposed rate increase would make second-class mail yield \$75-million more. Third-class mail will produce another \$65-million or more; parcel post, more than \$59-million. First-class mail rates would not change, except for post cards. They would cost \$2\epsilon\$ instead of \$1\epsilon\$.



Television Reflector Overlooks Los Angeles

This giant parabolic reflector atop station KTSL on Mt. Lee, near Los Angeles, is doing a catcher's job in picking up television shows originating in Hollywood movie studios down below. The saucer-like re-

flector picks up a wide path of video waves and concentrates them at its focal point. They are then retransmitted to home television receivers from the station's antenna tower on the mountain.

After WAA What?

New bill gives FWA main job of handling U. S. property including surplus. Hoover wants to set up new central bureau.

More than half the orders the government puts through for civilian goods are for less than \$10 worth of goods. Processing these little orders costs more than the goods cost. Any businessman knows that doesn't make sense.

Congress knows it, too. A bill to reorganize the property-handling setup was up last year but got swamped. Now a new one has been introduced. The Hoover commission has been digging into the question. And the expected death in June of War Assets Administration has emphasized the problem.

• Big Business—Handling Uncle Sam's property is no ten-cent business. WAA still has to administer leases and security clauses on plants, try to sell its \$2.2-billion real-estate and warehouse remember.

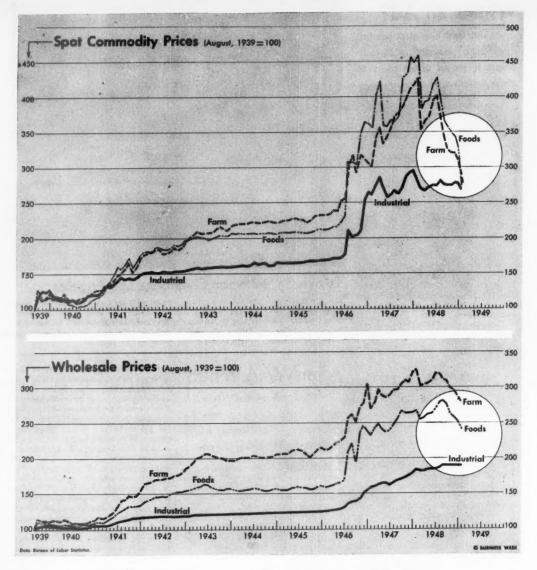
But surplus property is only a small wart on the federal-property bog. The government owns \$27-billion of civilian and military goods in storage, even more goods in use. And every year it buys some \$6-billion plus of new stuff. Right now, hundreds of agencies have a finger in the property-handling pie. Problem is lining up an efficient system of buying and using the materials.

• Administration Answer—The 1948 public-property bill would have given the job to Federal Works Administration. FWA would take over the functions of the Treasury's Federal Bureau of Supply, and of WAA. The FWA administrator would set policy on procurement, use, and surplus disposal of government goods—except combat equipment and farm products that come under the price-support program. WAA functions would be under a Bureau of Surplus Property in FWA.

The 1949 version follows the same tack, with two notable changes. Instead of handling surplus through a separate bureau, it would dole out surplusproperty jobs to various sections of FWA. And it would tighten up the government's \$1-billion yearly shipping operation.

• Hoover's Answer—The Hoover commission would set up a brand new agency, an Office of General Services, to handle supply, records management, and general services. A central Bureau of Federal Supply, within OGS, would have charge of public property. It would set basic standards for purchasing, then would decentralize operations by assigning purchase and storage to individual

agencies.



Prices Tend Toward a New Balance

Prices of farm products and foodstuffs have retraced some historic steps. In primary markets, at their recent lows, they had dropped back to a point more or less in line with industrial prices (upper chart).

 As Expected—Here is a picture that economists have been waiting to see.
 For, if you take as a base the level existing just before war broke out in Europe in 1939, the farm and food averages rose much farther than industrial raw materials. So economists have argued that a "correction" would come: (1) Either inflation would carry industrial raw materials up to meet highlying farm and food prices, or (2) farm products and foodstuffs would have to come down.

Effect on Consumers—This "correction" in spot markets means little to the ultimate consumer. The lining up has to take place at wholesale—and has to be passed on at retail—before it affects

the cost of living. This hasn't happened (lower chart). High—and inflexible—labor costs at the manufacturing level retard it; so do rising transportation costs.

And here are other points that bear consideration: Were supply-demand relationships in 1939 ideal? Were they the same as should exist today? The size of the economy is vastly larger. This 1949 "correction" may not spell 1949 equilibrium.

A Businessman Leaves the Government

Defense Secretary's career shows what can help a businessman rise in Washington, and what can make him quit.

James Forrestal-salesman, banker, and first Secretary of Defense-is leaving the government. Of all the businessmen who took on federal jobs in the war days, Forrestal stayed longest and climbed highest. May 1, or thereabouts, he will quit the cabinet.

Forrestal's resignation comes close to marking the end of a decade of businessmen in government. ECA boss Paul Hoffman will be almost the only simon-pure businessman left at a high level in Washington. Treasury Scretary Snyder is technically a banker, but has spent more of his life out of private business than in it. Even Commerce Secretary Sawyer, though he has business interests, is primarily a lawyer.

• Motives?—Forrestal doesn't have to quit. He has not always agreed with the White House, but Truman does not want him to go. Truman respects him—and, in any case, a Pentagon vacancy will cause political embarrassment because of the claim which former Under Secretary of War Louis Johnson has on the job (page 16).

And Forrestal likes public service. No compelling need for more money, his friends agree, makes it necessary for him to return to private business. In fact, they think he'll be hard put, once he leaves public office, to find anything which interests him as much.

Forrestal has set resignation deadlines before—and been talked out of them. The first was V-J Day. Then the end of 1945. Then passage of the military unification legislation. Then the end of Truman's first term. Each time, he has been talked out of resigning.

 Final—Nevertheless, this time the deadline will almost certainly stick. Forrestal has strong personal reasons for wanting to leave in May; and he finds himself on the unpopular side of three major policy issues.

Forrestal is bone-tired. His associates agree on that. They say fatigue has dulled the razor edge of his judgment, has slowed his decisions. His own recognition of this probably will be uppermost in his mind when he resigns, though he mentions it only to his closest friends.

The peacetime job has worn Forrestal down more than the wartime pressures ever did. One major reason: He misjudged the volume of work which service unification would throw on the Secretary of Defense. When Forrestal, as Secretary of the Navy, was thrashing out



JAMES FORRESTAL stayed longest and rose highest of all the businessmen in Washington

the compromise on unification, he wanted to keep the top post a coordinating rather than an operating job; so he opposed creation of either a civilian under secretary or a military chief of staff.

The result is that the secretary has no alter ego. He must sign everything, see everyone, decide everything himself. At Forrestal's suggestion, Congress is now pushing through legislation to provide for an under secretary.

• Policy—There's another thing that has made his peacetime job a wearing one. He's been fighting upstream against three strong currents of popular feeling:

(1) On unification. For restal believes that unified military action must spring from men's minds more than from organizational charts. So he has hesitated to order cooperation before the long and painful process of persuasion is complete. But the country seems convinced that the sound of brass hats knocking together would stir up some cooperation.

(2) On air power. Forrestal favors the kind of balanced air-sca-land power that won the last war. He doesn't agree with those, in and out of government, who think that air power should be the one major weapon of a modern force. That has subjected him to a long campaign of criticism from the office of another businessman in government. W. Stuart Symington, Secretary of the Air Force.

(3) On Palestine. Forrestal is generally considered the strongest advocate in Washington of a Moslem Middle East. He has never publicly explained what he thinks about the struggle between Israel and the Arab world. But he has stressed the importance of Middle East oil to this country; and the Arabs control the oil.

His unpopular stance on these issues has made Forrestal a target for a good deal of well publicized criticism from New Deal and big-Air-Force columnists, and that has worn him down, too. Some of the most vociferous criticism, from Drew Pearson, Forrestal brought on himself. Forrestal believes Pearson tried to blackguard former Navy Secretary Knox into furnishing exclusive information, has refused to have anything to do with him.

• Difference—Forrestal began his government service under much the same circumstances as the many other businessmen who put in time in Washington over the last 10 years. The only real difference was that he started earlier and that he was a Democrat—an Irish Catholic Democrat. And perhaps he had a little more appreciation than most of a principle that he has phrased: "Never take a job down here unless you're willing to put on your hat and walk out the door at any minute."

By 1940, Forrestal had risen from a

salesman's post with the New Jersey Zinc Co. to the presidency of Dillon, Read & Co. and leadership in the financial community. That year he became a White House "anonymous assistant," and he has never put on his hat since, until now. He became Under Secretary of the Navy, Secretary of the Navy, and finally, Secretary of Defense-probably the third most important job in Washington.

· Personality-Central factor in Forrestal's rise was the combination of a keen mind with a warm personality and the traditional knack of the Irish in political affairs. He has a genuine interest in people that's attested by the steady stream of guests into his office and his

One result of this was that he accomplished what many businessmen in neglected-close Washington have friendly relations with Congress. Among his warmest admirers are legislators like Bridges, Vinson, Tydings, Ferguson, Andrews. His formula: Take members of Congress into your confidence; explain your problems. This he does at an unending series of small breakfasts, luncheons, dinners.

Another result of his personal warmth was his ability to recruit an unusually large number of able men into his organization. A roll call would include such men as Frank Folsom, president of RCA; C. S. Thomas, president of Foreman & Clark; Ferdinand Eberstadt, chairman of F. Eberstadt & Co.

• Results-What all this added up to was results on his job. The Navy's wartime task forces, its swarms of landing craft and packs of escort vessels, were in large measure his work. The men who labored in their creation credit him with the central drive and direction.

Likewise, Forrestal can claim credit for the excellence of the Navy's postwar research and training program. He worked out-for better or for worse-a service unification program that Army, Navy, and Air Force were all willing to accept. And he sparked the beginnings of the first peacetime over-all strategic

· Moral-Looking at this record, some businessmen will conclude that business experience has a major role to play in government. Others, looking at his departure, will conclude that the day of the businessman in Washington is over.

One veteran observer of Washington drew this moral from Forrestal's career for businessmen in government: "Keep vourself well staffed. Work hard and honestly at your relations with Congress. Get things done. Don't naively believe that all other businessmen-ingovernment will be in your corner. If you run into temporarily adverse waves of sentiment and haven't the reserves to weather them, put on your hat and walk out the door.

Bread-Recipe Row

Food & Drug's hearings on bread standard touch off rumpus over shortening and emulsifiers. Patents are also at issue.

When is bread bread?

Specifically, is it still bread when it has MYRJ 45 in it?

Sometime in the next few months the Food & Drug Administration will issue a legal definition of "bread." When it does, it will land a wallop in the bread basket of either: (1) The Atlas Powder Co. and several other chemical firms; or (2) the shortening and vegetable-oil

· Emulsifiers-MYRJ 45 (polyoxyethylene monostearate) is an emulsifier that Atlas makes and sells to the bakery trade. In effect it cuts the amount of shortening that bakers have to put in their loaves. It also makes the bread stay soft longer. Similar products are made by Dow Chemical Co., Glyco

Products Co., and others.

These emulsifiers look like a real threat to shortening producers. As much as 40% of their market is in baked goods. If Food & Drug O. K.'s emulsifiers as optional ingredients in bread, shortening people foresee a loss of half their baked-goods' market.

• Standards-Food & Drug has been holding hearings on bread standards since before the war. In 1943, it got around to issuing a proposed standard. But by the time the war ended, baking technology had changed; emulsifiers had definitely become part of the picture. So Food & Drug reopened the hearings to bring the standard up to date.

· Squabble-So far, the sessions have been pretty much monopolized by the fight between emulsifier producers and the shortening makers. Shortening manufacturers contend that MYRI 45 is a chemical substitute for shortening: they don't want Food & Drug to approve it for bread-making. Atlas says that its product is an additional ingredient. If it adds to the quality of the bread, the chemical company feels that bakers should be free to use it.

· Patents-Behind the scenes there's another fight-a patent tussle. Procter & Gamble Co. holds patents covering the use in baked goods of chemicals called mono- and di-glycerides which make shortening go farther. P. & G. has licensed shortening makers to use these products in "high-ratio" shortening on the order of high-octane gasoline). The company requires the user, however, to limit the percentage of these chemicals to 10%-the percentage in P. & G.'s own high-ratio product.

Whether or not the P. & G. patents

cover the use of Atlas' emulsifiers is something that may have to be settled in court. At any rate, Atlas admits it ran into the patent block when it thought about selling the emulsifier to shortening makers.

Atlas got around it by going direct to the baker via his supply house. Atlas distributors sold the emulsifiers sepa-rately-and suggested to the baker that he add them directly to his bread

 Twist—There's an odd quirk, though, in the whole rumpus over emulsifiers. Last year, they were proposed as optional ingredients in hearings on mayonnaise standards. But then there were no squawks, although, presumably, they would have a similar economic effect on the fats-and-oil makers.

Tax-Settlement Board To Settle Small Claims?

What do you do when the Bureau of Internal Revenue says you still owe in taxes a sum that's large enough to hurt, but not large enough to go to court

These days, there isn't much you can do-except argue with the bureau agent. · Help in Sight-But in the future, the picture may be different. Rep. Wilbur Mills (D. Ark.) last week introduced a bill to set up a 25-man tax-settlement board. Unless it gets lost in the legislative shuffle, it has a good chance of

Purpose of the board: to provide a speedy, inexpensive way of settling the honest differences of opinion that continually arise between taxpayers and BIR. At present the only avenue open to the disgruntled taxpayer is the Tax

Court of the United States.

The Tax Court isn't much help; it is bound by the formal rules of evidence. That makes it costly and slow-it can handle fewer than 5,000 cases a year. Net result: Minor cases get short shrift. · Geared to Serve-The tax settlement board would be geared to give fair treatment to all concerned: it would seek to arbitrate-on a basis of equity, rather than law-between government demands and taxpaver estimates. Here's how it would operate:

(1) Within 60 days after a taxpaver -individual or corporate-gets a notice of deficiency from BIR, he can file with the board a petition for settlement. This move automatically stays bureau action to recover.

(2) The board would not make a finding of fact or law; it would use hardheaded common sense to arrive at a fair

settlement.

(3) The decision would not be binding on either party. Either would still be free to file suit with the Tax Court.



Ryerson Stocks—Ryerson Service

No matter where you are, or where you want steel delivered, there's a Ryerson plant, with diversified Ryerson steel stocks, within quick shipping distance. A network of thirteen big plants, plus twelve district sales offices, makes Ryerson steel service the most comprehensive and convenient in the nation.

Each big Ryerson plant is set up to operate independently with large stocks and high-speed cutting and handling facilities, plus its own complete staff of carbon, alloy and stainless steel specialists. Yet each Ryerson plant and office offers the advantages of a unified organization with a hundred and six years of practical steel experience.

These days, with the record-breaking demand for steel, we may not always have the exact size or quantity you need. But you can be sure we will do our very best to serve you. Usually, from long experience, we are able to suggest an available alternate steel. So, for steel and steel service, call the Ryerson plant or office nearest you.

Need Stainless?... Call Ryerson

Your nearby Ryerson plant is a quick, convenient source for everything in stainless steel. Bars, plates, sheets, tubing, pipe and other stainless products in many types and finishes are on hand. And stainless from Ryerson stocks means Allegheny stainless, the time-tested product of America's oldest stainless producer. Need stainless? Call Ryerson.



RYERSON STEEL

JOSEPH T. RYERSON & SON, INC. PLANTS: NEW YORK, BOSTON, PHILADELPHIA, DETROIT, CINCINNATI, CLEVELAND, PITTSBURGH, BUFFALO, CHICAGO, MILWAUKEE, ST. LOUIS, LOS ANGELES, SAN FRANCISCO

Air of Distinction

"A distinguishing quality or mark." - Webster

The huge new B. F. Goodrich Research Center at Brecksville, Ohio, is engaged in basic studies leading to products for "easier, safer and more economical living". a project in which B. F. Goodrich has already become distinguished by a long list of "firsts".

To properly ventilate this up-to-date research laboratory, B. F. Goodrich bought more than 160 Buffalo Fans, which are now giving quiet, efficient service.

In shops, office buildings, stores or

amusement places, it pays to get the benefits of "Buffalo" engineering and heavy-duty construction in fan and air conditioning work. Remember, fine performance, long life and good efficiency have combined for many years to give Buffalo equipment the air of distinction which it provides on so many outstanding installations.

Buffalo Sales Representatives, experienced air engineers, are anxious to work with you in the selection of suitable air-handling and air-conditioning equipment.

BUFFALO FORGE COMPANY

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BUFFALO, NEW YORK

Canadian Blower & Forge Co., Ltd., Kitchener, Ont., Branch Offices in all Principal Cities



BUSINESS BRIEFS

Titanium antitrust suit has ended with pleas of nolo contendere by du Pont, National Lead, Titan Co. Fines imposed by a federal district court came to \$43,000. This was the criminal suit, charging a conspiracy to restrain world trade in titanium pigment. The 1945 civil antitrust suit had forced the defendents to grant nonexclusive licenses.

First two J-47 turbojet engines off G.E.'s new Lockland (Ohio) assembly lines were shipped to the Air Force this week. G.E. leased the plant from Electric Auto-Lite nine months ago. About 120 subcontractors are now furnishing parts for the engines assembled there.

Pennsylvania truckers and the Pennsylvania R.R. are locking horns over a bill before the legislature to change truck weight regulations. It would bring the gross weight allowed for semi-trailers up to that permitted full trailers.

Minneapolis-Honeywell is acquiring the assets of Philadelphia's 113-year-old manufacturer of control valves, H. Belfield Co. Howard L. Murray, president of Belfield, will be made vice-president in charge of the Belfield Valve Division.

International Paper has decided to locate its new dissolving woodpulp mill in Natchez. Miss. That's the mill that will use the company's new process for making pulp from hardwood instead of softwood (BW-Nov.20'48.p.24). It will cost \$20-million, will have a capacity of 100,000 tons a year.

New plants: Trendex Co. has just been organized to put up a fatty-acid plant costing more than \$200,000 in Memphis . . . Kaiser Fleetwings will spend some \$4-million on expansion—including a new porcelain enameling plant—in Bristol, Pa.

Kansas has emulated Oklahoma: It has fixed the minimum price of natural gas at the wellhead (8¢ per 1,000 cu. ft.) to make waste uneconomic. Oklahoma's minimum-price ruling (BW−Dec.2S'46,p18) is still pending before the state supreme court.

Advertising over video costs more now that audiences are growing. After April 1, advertisers are going to pay more for evening time over New York City's major stations. CBS and NBC will charge \$1,500 an hour; DuMont, \$1-250. The rate up to now has been \$1,000. ABC has a new rate card in the works, too.



To give you finer Freight Service the Baltimore & Ohio has spent, in the last three years, \$173,618,959. Constantly doing things better—the B & O way—means vast expenditures. All this adds up to better facilities, faster trains, and dependable service. We pay what it takes to have what it takes.

Those three years of "doing things better" saw 212 new locomotives on our rails, together with 19,139 new freight cars. They saw new classification yards and extensive terminals; heavier rail to carry our trains, better signals to speed them, modern communications to report their positions and furnish on-the-spot location of cars for customers; efficient, latest-type coal and ore facilities.

Never have we been better able to meet the needs of our customers. And this constant improving shall continue. As it does, you will have more and more reasons for depending on B & O service. Ask our man.



Baltimore & Ohio Railroad

Constantly doing things - better !

TEST YOUR KNOWLEDGE

on business opportunities in New York State

- New York ranks first in the manufacture of which of the following:

 apparel;
 food;
 furniture;
 chemicals;
 paper?
- New York produces a greater volume of manufactured goods than any other state, True or false?
- 3. There is only one state-wide banking organization in New York State. True or false?

1. All except chemicals...and here N.Y. ranks second! 2. True. 3. True ... and profitable to know! Marine Midland is the only banking organization offering statewide coverage in New York...making a fast routine out of the collections of your checks and drafts. And Marine Midland's familiarity with local business conditions can benefit you in many ways. Open your account with Marine Midland Trust Company in New York City... anchored in the world's richest market.

Marine Midland Banks serve ...

Buffalo New York City

Adama Albion Alexandria Bay Antwerp Attica Avon Batavia Binghamton Copenhagen Corinth Cortland Depew East Aurora East Rochester Elmira Elmira Heights Endicott Evans Milla Fulton Holley

Iamestown Johnson City Lackawanna Lockport Malone Medina Middleport Niagara Falls North Tonawanda Nyack Oswego Palmyra Phoenix Rochester Troy Watertown Watkins Gl Westfield Williamavil



MARINE MIDLAND TRUST COMPANY

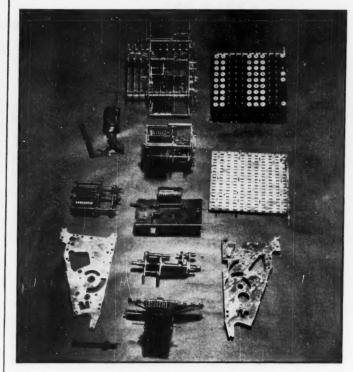
Vilson

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CAMERA VISITS INDUSTRY



1 Parts for a standard Burroughs adding machine look like this before assembly

Adding Machines on Line



2 Completed machines are put together from these parts on a production-line basis at Burroughs Adding Machine Co., Detroit (TURN TO PAGE 32)



What's Cookin' to cut kitchen costs!

Here's a new member in the Mullins family that has literally pulled on an apron, stepped in with a helping hand to work wonders in meeting the demands for the famous Youngstown Kitchens.

This Fruehauf Trailer starts many a kitchen "package" on its way.

The chief function of this big "rubber-tired helper" is to link Mullins' Warren and Salem, Ohio, plant facilities. It hustles finished wall cabinets, built in Salem, to Warren for shipment. It plies back and forth with big loads of equipment and raw materials to keep these all-metal units rolling out economically.

In this operation, just one Van does the work of two or more trucks—and at half the cost according to Mullins' records.

This Trailer saves waiting time. Shipping is more flexible. Schedules now fit plant needs with greater efficiency all along the line.

The modern Trailer method is multiplying output for many companies. Perhaps this is a good time to review your hauling set-up and let Trailers increase the earning capacity of your trucks. There's a Fruehauf man near you who is well qualified to recommend the right equipment for your job.

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER COMPANY

DETROIT 32 LOS ANGELES 11 In Canada: Weston, Ont. 79 Factory Service Branches



AN IDEA— THAT WILL CUT YOUR HAULING COSTS

Instead of buying a truck in one complete unit, it is more profitable to buy it in two: a truck power unit—and a Fruehauf Trailer, the corrying unit. By coupling your truck to a Trailer best suited to your operation your truck can do triple the work—with substantial savings in gasoline, oil and maintenance. Get the facts from a Fruehauf man.



Hear Harrison Wood in "This Changing World"—every Sunday Afternoon over ABC. Consult Your Local Paper

FIRST IN TRUCK-TRAILER TRANSPORT



R + R = RQ

... there's the formula for SIMONDS STEEL ... for SIMONDS TOOLS



Right Steel, plus Right Processing, equals Right Quality. But such a formula demands 100% quality-control. And that's exactly what Simonds maintains...24 hours a day...in its own modern specialty steel mills at Lockport, N. Y. In these mills is much equipment of special Simonds design ... supervised by Simonds metallurgists who work hand-inglove with the Simonds Plant in Fitchburg, to assure Right Quality Steel for Right Processing into Simonds Saws, Knives, and other cutting tools. And right there you have one of the foremost reasons why Simonds is the top line of cutting tools for wood, metal, paper, plastics.



ADDING MACHINES (continued from page 30)



3 Subaspembly line puts together accumulator unit for all portable desk models. As units are completed they flow into main assembly line in background



4 Start of portable desk model is this side-unit assembly operation. In boxes are component parts; Burroughs makes all of these (TURN TO PAGE 34)



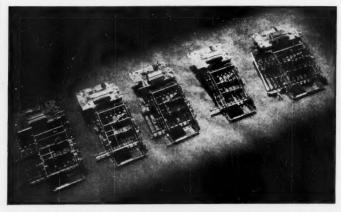


Spendable like cash everywhere, too. Cost only 75¢ per \$100. Buy them at your bank.

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First in World Wide Banking

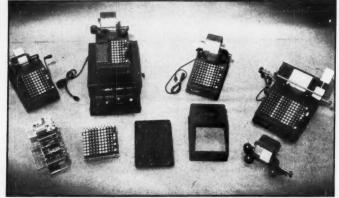
ADDING MACHINES (continued from page 32)



5 These are five basic chassis assemblies, with slight variations for different models



6 Skilled Burroughs technician makes adjustments on printer activators on a basic chassis. Adjustments like these are made at several stages on assembly lines



7 Top row, finished machines: hand adding model, electric cash-drawer model, electric bank teller's model, electric bookkeeping model. Bottom row: basic chassis assembly, keyboard, base, case, double-ribbon rewind carriage (TURN TO PAGE 36)

WHAT DO YOU NEED? BUT QUICK! G CHAIRS SHELVIN VER UNITS FILING CAR BENCHES BAR RACK HOP DESKS TOOL BOX BENCHES PARTS CA OOM EQUIPMENT FLAT DRAWER

• We buy the steel from you and ship the pound-for-pound equivalent in any selection of LYON products, at regular published prices (see partial list below) or special assemblies, sub-assemblies,

parts, etc., for your products-to your specifications.

For complete information about the "customer steel plan" get in touch with your nearest LYON District Office.

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(Continued from Page 34)



8 Inspector makes a final adjustment on a finished electric bookkeeping machine

How Burroughs

By trimming number of its models, putting in productionline methods, company boosted output, cut costs.

A prewar Burroughs Adding Machine Co. stockholder who visited the plant or looked over the annual report that came out this week would hardly recognize it as the same company. Where once machines and parts had been turned out laboriously on a custom-built basis, there were modern production lines. Even the machines themselves looked more modern; they were once severe black objects, but now they are finished with a pleasant tan-toned crackle paint.

As for the financial report it looked brighter both in form and substance. Where it had once been a staid, fourpage listing of numbers, it is now full and clear, with plenty of graphic interpretations of figures. The figures themselves were especially bright: Contrasting with the company's 1940 gross income of some \$29-million was a 1948 gross income from domestic operations alone of more than \$95-million (in 1947 this figure was about \$60-million). Net carnings for 1948 exceeded \$12.5-million, almost double the 1947 showing.

In fact, the mythical stockholder would find only one dull spot in this otherwise bright picture: The company has just laid off 522 men who worked on small-adding machine lines. It is

1981



9 Cash-drawer models get a final checkup by running at high speed for long period

Switched Over

the company's first layoff in 27 years. Officials say it was necessary because the backlog of orders for small machines had been cut back. But the company is not worried. It can still point to an order backlog of \$61-million for the big, complicated bookkeeping and accounting machines.

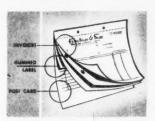
• Sparkplug—The story of Burroughs' change is largely the story of one man, John S. Coleman (cover), president of Burroughs since the autumn of 1946. Coleman, who had been vice-president of Burroughs before he stepped up, transformed the staid and sedate 63-year corporate oldster into an aggressive, hard-hitting manufacturer.

Until the war, Burroughs operated on a steady production level supported by conservative merchandising. Its average employee had been on the payroll for nearly 15 years, and was largely a handcraftsman.

• New Look—It was the war that foreshadowed the change. Burroughs' job for the military for the duration was building complicated mechanisms for Norden bombsights. Coleman was in the thick of this work, acting as liaison man between the company and the government. But came V-J Day, the company found itself in a poor spot to go back to its peacetime work: It had ne parts inventory. And no less than 80,000 different kinds of pieces were needed to build that inventory. It was plain to Coleman that a new look at production methods was in order.

So the new president and his asso-

"We turned THREE big jobs into ONE small job with UARCO combined forms



Here it is . . . the UARCO E-Z-Out Form that turned three jobs into one. Top three sheets are invoices and office copies, varicolored for sheet identification, one punched to slip into binder. Next is the gummed label, perforated for quick removal. And finally the business reply card, perforated and printed on both sides. The UARCO E-Z-Out is a complete set, glued together, with carbons preinserted. Completed, it separates with one swift motion.

It used to be a big job for three girls—one typing invoices; another, gummed labels; and the third, business reply cards.

Today one girl does it all—in one writing on a single set of UARCO forms. No carbon shuffling on one one one one one one of the one.

The advantages of combining forms are not limited to any type or size of business. Doubtless your own business offers many opportunities to save.

It costs you nothing to find them
—merely call your Uarco Representative.

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CONTINUOUS STRIP FORMS



SINGLE SET FROMS









Each generation of Newtons enjoys security, but as children grow up they are put on their own money-making projects.



Success of Pleasant Hill Farm is shown by fine cattle, good buildings, machinery—insured for \$32,000. Newtons also carry life, automobile, accident, hospitalization policies.

B tion were old-And T valu Ayre all, chile as t

Kitchen has fluorescent lights, 9 cubic ft. electric refrigerator, LP gas range; new electric washer in laundry.

The best people in the Country turn to Country Gentleman for Better Farming, Better Living

A DEPRESSION COULDN'T KILL

PARK AND RUTH NEWTON had just started paying for their Vermont farm back in 1929 when the stock market and farm prices collapsed.

But not even a depression could daunt their determination to carve a solid future out of their rocky soil. They were too young and too busy. They were also steeped in the old-fashioned Vermont tradition of granite-hard courage. And how it has paid off!

Today their farm is free and clear, with an estimated value of \$30,000. There is a fine herd of 63 Holstein and Ayrshire dairy cattle, a flock of laying hens-and, most of all, security and good living for the children and grandchildren around them.

"There's little more we could ask for," say the Newtons as they consider the life they have built-as serene and solid as the Green Mountains which nestle their 130-acre homestead.

The story of this Country Gentleman family-in the magazine's March issue—will be read by the Newtons' millions of Country Centleman "neighbors" throughout Rural America. It will give them a new insight into the rewards that come from hard work, self-reliance . . . and good farming.

Country Gentleman is the best-read magazine in Rural America's most prosperous homes. On the average, Country Gentleman families own 2.59 automotive units ... 90.8% of families have electricity . . . 83.7% have washing machines.



There are plenty of family picnics at nearby Lake Champlain, where the Newtons have a well-furnished cabin, canoe, rowboat, and power boat.

Country

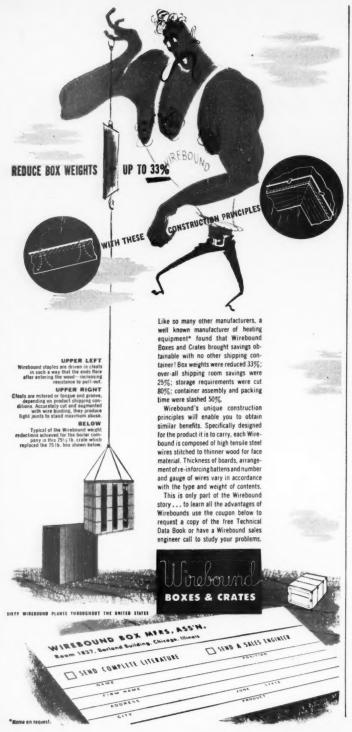


The whole family enjoy plenty of indoor get-togethers, too! Living room has $12' \times 19'6''$ broadloom carpet, three floor lamps, piano, radio. Attractive curtains, drapes, wallpaper harmonize.

500 layers keep Newtons busy filling egg baskets and crates. Poultry operation grosses up to \$15,000 a year.



2,300,000 circulation concentrated among the "top half form families who receive 90% of all U.S. form income.



ciates launched a thorough-going updating program. In little more than two years it has brought about almost unbelievable changes in the venerable old

• Change of Pace-Before the war, one man assembled a complete machine at one work station. If a customer wanted a special machine for a certain job, Burroughs would build it for him to specification. If the machine took parts that were not stocked, a craftsman would make them by hand. In those days, almost every order was a custom job. This kind of production resulted in hundreds of different basic models with thousands of style variations, depending upon the customer's needs and wishes.

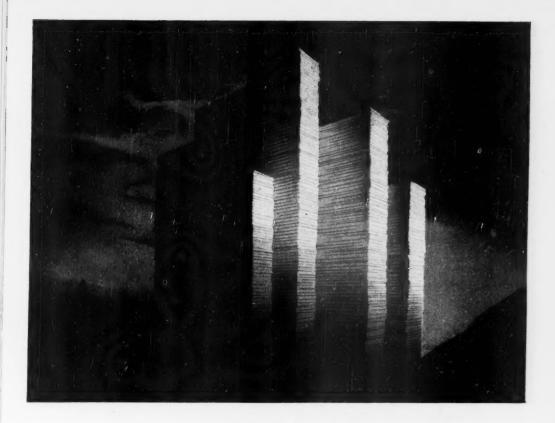
A major step in Coleman's program was to reduce the total number of machine variations. The result was a more wieldy group which could be produced on a mass-production scale. Today, the basic components of nearly all Burroughs machines are built on assembly lines. Specialized parts are built on adjacent sub-assembly units and fed to the main line. In this way, more than one type of machine-like bank teller's machines, adding machines, and cashdrawer models-may be built in the same production layout.

But Burroughs standard machines are designed to offer still the advantages of custom design. Standard models include keys and gadgets which customers get but may never use. Burroughs doesn't figure this extra equipment is a waste for the simple reason that it costs less to build them that way than to make custom changes for each cus-

 Plant Expansion—Standardization and mass-production sent output soaring. But in order to keep pace with expanded demand for time-saving business machines, Burroughs found also that it had to expand greatly its physical plant.

By January, 1949, the program was about completed. Two brand new factories had been built, one at Plymouth, Mich., the other near Glasgow, Scotland. A new floor had been added to the main Detroit plant to house new high-speed electrostatic painting equipment. A recently purchased plant in Detroit, formerly owned by the government, was turning out motors and springs for Burroughs machines. This physical expansion alone cost the company \$2.3-million.

· More Machines and Workers-But that sum in no way shows the total cost of streamlining Burroughs. New and old buildings called for tools, dies, fixtures, machines, conveyors, and other materials-handling devices. This took another \$7-million in the last two years. More than 5,000 employees, mostly production workers, have been added to Burroughs' payroll. The net result in 1947 and 1948 was an average 115%



A MOUNTAIN OF PAPER

One of America's biggest and most consistently expanding businesses can be symbolized by a mountain of paper. It is the life insurance business, which grew 8 percent last year and is today 86 percent larger than it was at the close of 1938. Some 78 million Americans—more than half the U.S. population—are covered by life insurance to the extent of some 201 billions of dollars.

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GRAND HAVEN, MICHIGAN

boost in production volume over 1946; the increase from 1947 to last year was 49%.

• The Market Picture-Burroughs people don't think that this increased output has affected the over-all market for business machines to any great extenteven though there has been some softening in the demand for small equipment. (Burroughs and others advertised adding machines for immediate delivery through most of 1948.)

Why is there such an apparent demand for complicated business machines? Coleman believes that the war was largely responsible. Manpower shortages in that period put a big premium on labor-saving methods. ernment regulation of production required complete and accurate business information all the time. As a result, many businessmen discovered for the first time the real value of business-machine systems.

So Coleman thinks that from here on the demand for bigger and more complete accounting machines will constantly rise. To meet this demand, Burroughs has big plans. During 1949 it hopes to introduce new products that can do more than any Burroughs machines of the past toward streamlining office accounting systems.

• Research for Tomorrow-But the postwar world has brought problems as well as expanded markets to Burroughs. Conventional mechanical and electric machines are still the only major calculating devices, but more advanced systems and materials are beginning to show their faces. I. B. M.'s punched-card methods have already been accepted in many office machine operations. Electronic "brains" like those developed for the government during the war (BW-Oct.9'48,p22) started a race among business-machine makers toward highspeed calculating techniques. Electronics has become a watchword.

At present nearly 400 people at Burroughs are engaged in basic research and engineering techniques. Desk model electronic business machines are not here yet. But ten more years in the laboratory may well bring them to the assembly-line stage.

• Ideas-In the meantime, Burroughs research is sprawling into broad areas. The recent marketing agreement with Bell & Howell on microfilm equipment (BW-Feb.12'49,p36) points the way to other types of advancements. Burroughs development men see almost limitless possibilities for various combinations of business machines and photography. Whole systems, they think, may someday be built around the principle of photographing records and making all the desired numerical calculations while the shutter is clicking. This, too, will probably be linked with electronics.



with TOCCO* Induction Heating

Your product may be very different from the Kennametal coal-cutting bit shown here, but if you have to harden, braze, anneal or forge it, TOCCO can probably improve your product, speed your production and cut your costs.

Engineers at Kennametal, Inc., Latrobe, Pa., have hit upon a thrifty production shortcut that saves time and expense and improves their product, too. The mining-machine bit is heated to 1600° F, brazing the carbide insert to the steel shank. The cutter is then quenched, hardening the alloy steel shank of 47-52 R.C. Result: a super-tough cutter that will stand the most rugged production tests with a carbide tip that's on for life.

Besides combining the hardening and brazing operations TOCCO has stepped up production to the rate of one part every 20 seconds—nearly twice the production obtained by former methods—with a consequent reduction of unit costs.

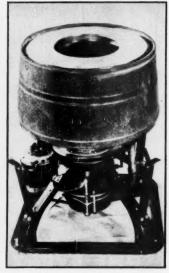
TOCCO engineers are ready to survey your operations to find where TOCCO Induction Heating can help you improve your products, speed your production and reduce your costs.



PRODUCTION



FIBROUS GLASS PLUS RESIN is preformed to shape and baked. The preform is then placed in a heavy press and molded under heat and pressure to produce . . .



WATER-BALANCE RING for the new Apex automatic washing machine

Giving Reinforced Plastics a Trial Spin

Apex Electrical Mfg. Co. has set up a pilot plant to turn out structural washing-machine parts of reinforced laminate.

Suppose you needed a structural part that had to be: (1) light yet strong; (2) thin but dentproof; (3) colored but not painted. What material would you use? Steel would give the required strength, aluminum the necessary lightness, plastics the built-in color. But none of these would meet all conditions.

 Reinforced Laminate—Apex Electrical Mfg. Co. had that kind of problem in making the working parts of its automatic washing machine. This week, the Cleveland company disclosed its solution: "Reinforced" laminate made of fibrous glass and a plastic resin.

The material presents a hard, compact surface, resembles a large plastic molding. It has the feel and lightness of plastic, yet the glass fibers give it high strength and toughness. The plastic surfacing resists dents and chips, can be colored to any tint.

 Advantages—Apex sees plenty of sound production reasons for using the material. It has the strength of metal, vet is more flexible. It's easier to handle during production and assembly because it doesn't dent or mar under rough handling—and because it is very light in weight. Even if a workman drops the unit, no harm is done. (An enameled part, on the other hand, takes careful handling.) The plastic laminate resists alkalis and most chemicals.

It offers engineering advantages, too: the lighter a rotating part, the less stress from centrifugal force. Inserts (like threaded attachment points) can be molded in while the part is being made. Putting molded parts together is simple: Picces, such as baffles, are simply glued into permanent position with high-strength adhesives. And the built-in color cuts out all secondary painting or enameling operations.

• Pilot Plant—For these reasons Apex is now making parts on a pilot-plant basis. These include a water-balance ring, suds guard, clothes guard, and water deflector. The water-balance ring is an intricate assembly of 41 parts that helps counterbalance clothes during the drying cycle when the tub is spun.

Apex has set up production of the nonmetallic moldings in its nonferrous foundry. There, processing is the reverse of metal forming; the material goes into molds cold, and then is heated.

• Two Steps-Basically the process involves two steps: making a preform to

rough shape; then squeezing it to final shape between male and female dies. Actually, of course, it's not so simple.

Apex starts with a preform screen in the shape of the part. Glass fibers (supplied in bundles by Owens-Corning Fiberglas Corp.) are mechanically separated and blown onto the screen. Suction keeps them there until a liquid binder is applied. A single glass fiber is 0.003 in. in diameter, about 2 in. long; a mass of them is built up into a mat. After the preform has "set," it is

After the perform has set, it is taken to an oven and baked at 300F. Then it is placed in the press (picture, above), a polyester resin is applied, and the mold is closed under 45 tons pressure for several minutes. This squeezes the rough shape down to final dimensions. If color is required in the part, a dye is added to the polyester resin before molding.

before molding.

• Increasing Interest—Such reinforced laminates aren't new (BW—Mar. 2'46, p46). Many companies' researchers have been poking into them for the past few years. One section of the Society of the Plastics Industry—the Reinforced Plastics Division—is now serving as industrial clearing house for information on the subject.

Last month the section held an exhibit in Chicago. Some "reinforcing" techniques use only contact pressure:

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will be welcomed.



others use pressures ranging well over 500 psi. Various resins and fillers are used, too. But up to now the process has seen only fitful industrial applica-

· Licked Problems-Apex says it has licked two of the problems-cost and speed of production-that have bothered manufacturers who previously tried using the technique. President C. C. Frantz will tell you that Apex's costs are low and production compares with that for formed steel. Reasons: (1) The

number of production steps to make a part has been cut; (2) machining time is held to a minimum; (3) separate finishing operations, such as painting and enameling, are thrown out; (4) the stuff handles easily on the assembly line.

Presumably, if the pilot line works out, Apex will use the material for other parts. A vacuum-cleaner housing would be a likely example—but company offi-cials aren't saying. The process should be particularly valuable for deep-drawn parts and complicated assemblies.

THE PRODUCTION PATTERN

WHAT ARE YOU DOING about hidden costs?

If you shiver every time the question of production costs comes up, you had better take a long look at what goes on in your plant. But there's not much use looking in the obvious places: Chances are that, along with most firms, you have already exploited most of them pretty

You're in an unusual business if you haven't had to think about costs lately. During the war, of course, and for some time after-ward, they didn't loom too large in management thinking. But as wages climbed and raw materials cost more and more-and competition got keener-manufacturers have faced a tight cost squeeze. So they have had to do what they could with the obvious cost-cutting techniques-better production planning, improved mechanization, more effective materials-handling.

There's another direction in which to look for further cost-cutting. You must try to spot the small, time-wasting, nonproductive cost-boosters. In short, go in for "good housekeeping"-which is quite as important as the obvious cost-cutting methods.

BUT YOU CAN'T do much about it unless you find out where the trouble spots are. What's at fault? Your purchasing practices? Your use of raw materials? Inefficient handling of plant machinery? Poor inventory procedures?

One place the manufacturer can go for help is his materials and parts suppliers; they can show him where the losses are, can advise him what to do about them so far as the suppliers' own products are involved. An instance involving just such a solution came up this week.

Carboloy Co., whose primary interest is high-speed cutting tools, is starting a big promotional and educational campaign on one phase of cost-cutting: tool control. Carbolov experts went out to customers' plants, studied the use of cutting tools. They found out some interesting facts.

Their technical snoopers discovered, for example, that production time was lost while tools were changed or sharpened. During such periods high-cost machinery lay idle. They also found that tool maintenance, done on a hit-or-miss basis, was wasteful.

Many of their customers had outsize inventories of tools lving on shelves awaiting use. Others leaned to lots of specials, where, more often than not, standard tools would do if set up properly.

Bad tooling led to increased scrap losses, reduced machine efficiencies. And lots of times, the experts found, companies were using more machines than necessary.

ARBOLOY, not satisfied with investigating alone, decided to suggest how to cut such costs. The company prepared a three-way remedy for its customers: (1) a detailed manual of coordinated tool-control systems, bolstered with actual examples of different systems at work in different industries; (2) a comprehensive employee-training course that includes six slide films; and (3) a tool manual to answer technical questions on the correct use of cutting materials.

Admittedly, in promoting less waste of tools, Carbolov is going to cut down some sales. But the company figures the deal will work out for the best in the long run, simply because a well-educated customer is a good long-term investment.



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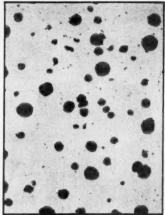
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ORDINARY CAST IRON (left) is weak because its graphite is in flake form. Add magnesium and the graphite forms into little spheres or nodules to produce a . . .

Stronger Cast Iron

International Nickel and other companies are promoting processes to alloy cast iron with magnesium, produce a nodular iron. Promises competition for cast steel.

The cast iron foundry experts were in a tizzy this week. The cause of the tizzy was "nodular" cast iron—iron which is stronger because the graphite particles are in spheroidal rather than flake form. Conventional gray iron castings contain graphite. It's distributed in thin flakes. Each of these acts almost like a little crack in the interior of the metal. So they can cause brittleness and low strength. Various foundry techniques have been used to overcome these shortcomings to a degree.

 Alloy—However, some alloying agents can change the graphite to spherical form. That's nodular iron, and it gives you lots better properties, opens up new areas of applications for iron castings.

That means more business for the iron foundries, puts them in better shape to compete with steel eastings in

high-strength applications.

What caused the big tizzy this week was a rash of publicity being given to magnesium as the alloying agent. Magnesium is tough to get into the melt: Most of it explodes into gas when you try. But what does get in gets results. So for years metallurgists have been looking for a "earrying" agent that would take the magnesium in, give a degree of control over the process.

 Processes—International Nickel Co. is promoting the use of nickel as this carrying agent. They are offering foundries, on licenses, a process which provides very close control of the movement of magnesium into the melt. American Cast Iron Pipe Co. is talking about magnesium-copper, magnesium-nickel, and pure magnesium treatments.

And Mechanite Metal Corp. can point to its own nodular work of several years back. For years this company has been working on controlled foundry techniques to produce a controlled structure in cast iron (Mechanite). Some years ago Mechanite proposed a tellurium treatment combined with a calcium silicide "graphitizer" to make nodular eastings.

• History—The idea of using magnesium to do tricks with the graphite in cast iron has been knocking around for a long time. As long ago as 1921 and 1922, Oliver Smalley, now president of Mechanite Metal Corp., published several articles in the English magazine, Foundry Trade Journal, dealing with experiments on nodular structures produced with titanium, tellurium, and magnesium. Several months ago, C. K. Donoho presented a paper on the American Cast Iron Pipe Co.'s work with alloving agents.

But whatever the history, the development has intriguing possibilities for industries using cast iron parts. It opens up competition for the special irons which have been replacing cast steel and forgings in high-strength applications (BW-Feb.26/49.p46).

• Properties—The nodular irons produced with magnesium are ductile (not brittle), are free from graphite in flake

BU

form, behave elastically like cast steel. With simple annealing, tensile strengths can reach 75,000 psi. Normalizing and tempering develops tensiles up to 127,000 psi. Further treatments, it is expected, can lift tensiles still higher.

The nodular irons don't deform under high temperatures as ordinary castings might. Treated, they are highly machinable. Although ordinary cast iron forms a broken chip when cut with a tool, annealed nodular iron cuts like steel, producing a continuous chip. The material is also easy to weld with the special rods developed for gray irons, and the nodular graphite doesn't become flake graphite again during the welding. • Uses-The drumbeaters for nodular iron look for wide industrial appli-cations. High strength and rigidity make it useful for machine tools, pumps, heavy equipment. Ductility provides thermal shock resistance for parts like railroad car wheels. Resistance to growth and oxidation may lead to uses in engines and furnaces that operate at high temperatures.

As with other controlled irons, the prime advantage is that the material can be produced with definite and predictable characteristics. On that basis, nodular irons may prove tough competitors with steel and malleable iron castings, even forgings.

Most of the processes for producing nodular iron are patented or have patents pending.

PRODUCTION BRIEFS

Why do men work? Columbia University will try to find out with a four months' seminar on the human element in production. Its Dept. of Industrial Engineering will publish a report.

Use of magnesium metal last year went up 12% over 1947. Primary ingots produced totaled 20-million lb. Total magnesium metal used (including secondary) came to about 30-million lb.

New standard for screw threads has been given a final O.K. by the American Standards Assn. That means the U.S. has now officially adopted the unified screw-thread system agreed upon by the U.S., Great Britain, and Canada last November.

Chemical production in 1948 reached a record high. It was valued at \$3-billion, 10% more than 1947. And despite inflation in prices, there was a marked gain in tonnage, says the American Chemical Society.

Doughnut-shaped furnaces at National Tube, heat seamless-steel tubes for rolling at a rate of 240 ft. a minute. The



Janitrol Unit Heaters can be installed with a minimum of inconvenience. On the job—they deliver heat fast and automatically at exactly the right predetermined temperature—right where heat is needed and when it's needed. Janitrol Gas Unit Heaters are efficient heating systems without costly and complicated duct work—result, both installation and operation are most economical.

So whether building new or remodeling—get in touch with your Janitrol dealer for his heating recommendations—he's listed in your telephone book under "Heating—Unit Heaters". In addition to natural and manufactured gas, Janitrol equipment is approved for use with LP-Gases.

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SURFACE COMBUSTION CORPORATION . TOLEDO 1, OHIO

ALSO MANUFACTURERS OF SURFACE INDUSTRIAL FURNACES AND KATHABAR HUMIDITY CONTROL



Easier

Farquhar Model 431 Conveyor stacks heavy feed bags in places too high to use before!

Faster
Farquhar Model 432 Conveyor moves bundles
from floor to floor
twice as fast!



Photo courtesy Carrier Corp.

IF you stack, pile, load, unload, move packages, bags, bundles, bales — find out how you can slash your handling costs! Tell us your handling problem, we'll give you the information you need!

Jarguhar CONVEYORS

Mail Today for FREE Information

company has installed 13 of them at its Gary (Ind.) mill.

Converting straw residue into paper pulp has been speeded up by a new process developed by Agriculture Dept. researchers. More effective chemicals reduce cooking time to ½ hr. Ordinarily it takes from 4 to 12 hr.

Graphite deposits in Alabama could meet industry needs for many years, says

the Burcau of Mines. Its investigation is contained in Report 4366. Write Burcau of Mines, 4800 Forbes St., Pittsburgh 13.

Nuclear research laboratory for mediumenergy studies is being built at the University of Pittsburgh. The university will coordinate its program on nuclear research with Carnegie Tech's highenergy studies and Westinghouse Electric's low-energy research.



STEEL SHOT is applied by machine to adhesive tape. Then the . . .



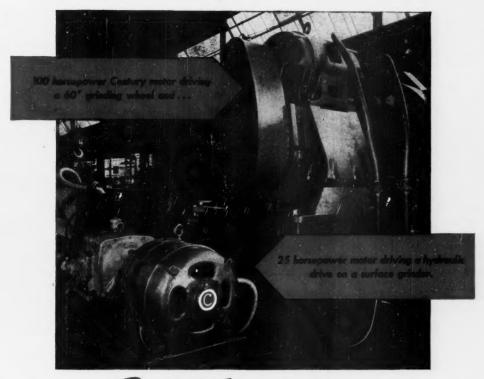
SHOT-COVERED TAPE is fastened to ends of spring leaves to make a . . .

Ball Bearing Spring for Automobiles

Studebaker Corp. engineers are using a layer of small, hardened-steel balls between spring leaves, to reduce interleaf friction. The shot, known commercially as S.A.E. P33, has an average diameter of 1/40th of an inch.

So that the shot won't work out when the spring flexes, the engineers place it on woven-fabric adhesive tape of the same width as the spring leaf. The tape goes through pressure rolls that embed the shot into the soft surface. The tape is then cut into two-inch lengths or "patches" and fastened to the ends of the spring leaves with cement.

When the spring flexes, the balls roll a short distance between the hardened spring surfaces. That gives rolling, rather than sliding, friction between the leaves, makes for a softer spring.



100 H. P. Centure MOTOR - Driving a 60"

Grinding Wheel Provides a Smooth Production Combination

his 100 H.P. Century Motor operating a huge 60" surface grinder and the 25 H.P. Century motor operating the feeder mechanism, is one of the hundreds of thousands of Century drives used in the precision production industries.

The unusual freedom from vibration designed and built into Century motors, contributes to the precision grinding at the business end of the grinder that wasintended by the manufacturer of this fine tool. The rugged mechanical design of Century motors are suitable not only to precision applications like this but also for the heavy shock loads required in some industrial operations.

From Century's wide range of types and kinds of motors, in sizes from 1/6 to 400 horsepower, you can select the correct motor to meet the exact requirements of your machines. The properly selected Century motor on your machine tools, conveyors, processing machinery, etc., helps to increase productivity, keep maintenance costs low and reduce plant shutdowns caused by improperly applied motors.

Specify Century motors for all of your electric power requirements.



Popular types and ratings are generally available from factory and branch office stocks

1806 Pine St., Saint Louis 3, Missouri
Offices and Stock Points in Principal Cities

-608



How MUCH you save!

When you install a 'Budgit' electric hoist in your production, assembly or inspection lines, the double savings are known immediately.

First you save from some to many minutes in every hour which means much with current high wages. Production increases at lower cost.

More important is the fact that workers like 'Budgits'. They make the job so much easier and with this effortless lifting, there is not the slightest risk of rupture, sprains or overtiredness. So the worker's entire energy goes into production.

There are no installation costs with the 'Budgit'. Hang up, plug into the nearest socket and use! Nor is the trifling current consumption a factor of any importance in the light of the sure and double savings.

Many thousands of the "little yellow 'Budgits'" have proved in hundreds of industries that they pay for themselves over and over in their long lives.

Made in sizes to lift 250, 500, 1000, 2000 and 4000 lbs. Prices start at \$110. Write for Bulletin No. 371.



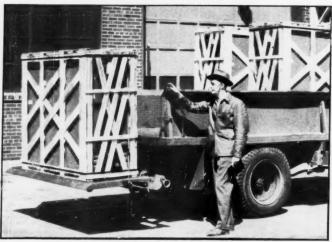


'BUDGIT

MANNING, MAXWELL & MOORE, INC. MUSKEGON, MICHIGAN

Builders of 'Shaw-Box Cranes, Budgit' and 'Load lifter' Moists and other lifting sciences. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

NEW PRODUCTS



Tailgate Lift

Another hydraulic tailgate lift has cropped up in the truck-equipment field. This one, built by Heil Co., 3042 W. Montana St., Milwaukee, has a capacity of 2,000 lb.

Heil says the lift will raise a load 50 in. in less than 10 sec. It's controlled by a lever at the rear end of the truck. The lift drops by gravity, stops automatically when it touches a platform or the ground. A tapered lip on the 24-in. thick gate makes it easy to load or unload bulky cartons or crates. There is no sagging or distortion—even when the load is placed off center. You can close and lock the gate in a few seconds.

Heil makes the lift to fit any standard truck with a 1½-ton capacity or

Availability: immediate.

Tight-Spot Thermometer

An electrical thermometer that makes it easy to take readings in hard-to-get-at spots has been added to Weston Electrical Instrument Corp.'s line.

The thermometer "senses" with a calibrated resistor bulb which is attached to a meter. You put the bulb in tanks, grain bins, or other out-of-the-way places. The meter, which gives you the reading, can be set up at any convenient distance from the pick-up bulb. With a selector switch and a series of bulbs, you can take a number of temperature measurements with the one meter.

The meter has a range from -20F to 120F. It is designed for use on 100-130 v., 50- to 60-cycle a.c.; normal line variations won't bother it, Weston

says. Models for direct current are also available. Weston's address: 617 Frelinghuysen Ave., Newark 5, N. J. • Availability: immediate.

Ever-Ready Hydrant

Crane Co. says it's frostproof hydrant licks the old problem of pump-priming in the winter. The hydrant won't freeze up, no matter how low the temperature

Here's the key to the design: The outlet pipe of the hydrant is fitted with an "inner tube" of rubber, installed under tension. The rubber tube and pipe casing extend well below the frost line. Water in the upper part of the hydrant will freeze. But as soon as you open the control valve (below the frost line) water pressure expands the rubber tube, breaks up and flushes out the ice that has formed. When the valve is closed, pressure is cut off and the rubber tube relaxes to its normal size.

The hydrant can be supplied in various lengths, depending on the depth of the frost line in your part of the country. If the hydrant gets damaged, the entire unit can be disassembled without digging it up. Crane Co. is at 836 South Michigan Ave., Chicago 5, Ill

· Availability: immediate.

Layout Projector

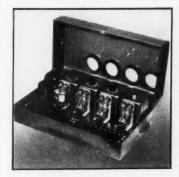
Tinicum Co. has rigged up an illustrator's art projector—the first it has made that casts an image on a horizontal plane.

Designers built a surface mirror into the device. That way, they were able to throw images of photographs or art work onto a horizontal drawing board. The projector will reduce to \$ size, enlarge 3½ times. It will take original copy up to 23 by 31 in.

Tentative layouts for engravings, type, and lettering can be worked out with the images. The projector also saves photographing the objects for final layout work, Tinicum says.

The projector operates on either a.c. or d.c., has a wood-aluminum construction. Zeal-Art Inc., 20 East 49th Street, New York 17, is the distributor.

• Availability: immediate.



Packaged Process Controls

A packaged system for sequence or process control has been worked out by Hydraulic Research & Mfg. Co. The system has individual plug-in units which control in sequence factors like time measurement, light, vibration, temperature, or force. The controls will regulate the factors in any combination in a sequence. They can be adjusted to any other combination without internal wiring changes.

All operating stages of the control are interlocked. The sequence re-sets automatically when it has gone through its cycle. When you need a double check, the entire system can be paralleled with

another unit.

Mechanical failure of one of the plugin units is shown by an individual signal lamp. The company is located at 1500 West Verdugo Ave., Burbank,

· Availability: four months.

Scrap Saver

If your foundry is having scrap recovery problems you may want to look at an inclined belt conveyer and magnetic separator built by Dings Magnetic Separator Co.

The separator, an Alnico magnet, acts as the drive pulley on the endless con-vevor belt. It picks out magnetic materials at the point where the load is discharged from the belt. The company

For Ideal Conditions in your PLANT





Listen to the wheels hum . . . look at the smiling faces . . . see the improved quality of your product. Know what? You've had your plant re-conditioned from top to bottom with SHERWIN-WILLIAMS PAINT!

You used our versatile Save-Lite Whites for better light . . . this improved see-ability . . . made it easier for your people to turn out better jobs . . . kept them from complaining, wasting precious time! And in addition to this Paint for Light, you called in Sherwin-Williams Color Experts to advise on Paint for Color!

And do you know that with this ideal combination you actually have been saving money? We have a great many actual case bistories that prove the value of the full Sherwin-Williams treatment! Write us today! The Sherwin-Williams Co., Industrial Division, Cleveland 1, Ohio. (Export Division, Newark, N. J.)

Products of SHERWIN-WILLIAMS Industrial Research Available at 385 SHERWIN-WILLIAMS Branches



More than 25 years of experience in meeting America's shipping problems!

The 3 best-situated General Box plants cooperated in rushing the production and delivery of this order. Another example of how General Box Company combines its broad and flexible facilities to meet the emergency requirements of its customers.

Whether you need 1,000 or 100,000 containers, you can be sure of quick, efficient service. You can also be sure of a lightweight, compact, extra-strong container that is designed to meet your specific needs.

General BOX COMPANY
... engineered shipping containers

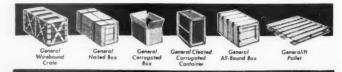
GENERAL OFFICES: 502 N. Dearborn St., Chicago 10.
DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati,
Detroit, East St. Louis, Kansas City, Louisville, Milwaukee,
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Continental Box Company, Inc.: Houston, Dallas.

Ourtwo Designing and Testing Laboratories are available for the improved packing of your products. They are equipped with the most modern testing apparatus and staffed by experts with many years of experience in designing more efficient shipping containers.



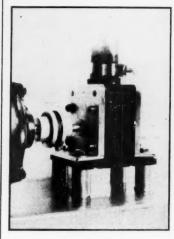
Send for your free copy of "THE GENERAL BOX"



says the separator is weatherproof, guarantees its magnetic permanence for life.

Standard units come in lengths from 7 ft. to 10 ft., with belt widths from 12 in. to 24 in. Capacities range from 40 tons to 80 tons a day. The manufacturer is at 4740 West McGeogh Ave., Milwaukee 14, Wisconsin.

· Availability: ten weeks.



Corrosive-Process Pump

If your processing involves corrosive liquids or gases at small rates of flow and moderate pressures, Vanton Pump Corp.'s "Flex-i-liner" may be the answer to your pumping problems.

The pump transfers the fluid or gas, yet isolates it from any of the machine's metal parts. The pump uses a flexible liner of either pure gum rubber, buna rubber or suitable synthetic. It can handle acids, alkalis, industrial alcohols and corrosive gases. Driving force comes from a rotor mounted on an eccentric shaft.

Glands, gaskets, stuffing boxes and check valves have been done away with to cut down external leakage; the pump is self-priming. Overhaul takes about 10 min., the company says.

Hooked up to a 4-hp., a.-c. motor, models will handle up to 200 g.p.h. Later models will have a 600-g.p.h. capacity. The company address: Empire State Building, New York 1, N. Y.

• Availability: in production now.

P.S.

Two more check-writers—an electric portable and a hand-tun model—have been launched by the Todd Co., Rochester 3, N. Y.

An electric fan, housed in a metal case that doubles as an occasional table, has gone into production at Fasco Industries, Inc., Rochester 2, N. Y.



... the human ingredient ... in the unbeatable combination

At 11:15 p. m., the Norfolk and Western's swift *Powhatan Arrow* arrives at Union Terminal in Cincinnati. Fifteen railroad men — the *Arrow's* conductor, engineer, fireman, trainmen, passenger representative, steward, chef and waiters — call it a day.

To outward appearances, these men alone have brought the Arrow over the western half of her 15 hour, 45 minute run from Norfolk, Virginia. Actually, not such a few, but a great many men are responsible, 365 days a year, for the swift and safe movement of this train and its human cargo. Behind the scenes, around the clock, dispatchers, track workers, machinists, hostlers, clerks and hundreds of other railroad

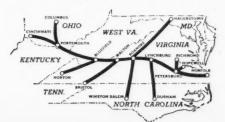
men working in highly specialized jobs, make possible the movement of every train on the line. And they are working constantly to improve their railway's service to the traveling and shipping public.

There are no substitutes in the Norfolk and Western's combination of —

The most modern and efficient tools and equipment to do the job . . .

Sound, progressive operating methods . . . to do the job . . .

Experienced, earnest men to do the job the human ingredient in the Norfolk and Western's unbeatable combination.





Webster is a BW advertiser is a BW

16 years... with BW

WARREN WEBSTER & COMPANY sells heating equipment and service. This equipment, for business and industry, is bought by Management-men... the men who influence or make buying decisions. Business Week is read by a higher concentration of these influential executives than is any other general business or news magazine. This means that advertising dollars spent in Business Week reach more good prospects...at less cost.

ANOTHER "FIRST" FOR BUSINESS WEEK

Many other advertisers whose goods or services are sold to business and industry, know the value of placing their selling messages in BW. Business Week has led all general business and news magazines in this field for 11 CONSECUTIVE YEARS. Here is the story for the first 6 months of 1948:

1 FIRST...

In page volume of business goods and services advertising. Total: 1762 pages.

9 FIRST...

In number of business goods and services advertisers. Total: 648 advertisers.

7 FIRST...

In number of exclusive accounts in the business goods and services classifications. Total: 307 accounts.

Advertisers who sell to business and industry use the pages of Business Week because –

WHEREVER YOU FIND IT, YOU FIND A MANAGEMENT-MAN...WELL INFORMED





STRUCTURAL ADVERTISERS* 10 years or more in BW

American Air Filter Co., Inc. Anchor Post Products, Inc. Armstrong Cork Co. **Buell Engineering Corp.** Clarage Fan Co. Combustion Engineering Co., Inc. Du Pont de Nemours, E. 1. & Co., Inc. Frick Co. General Electric Co. Grinnell Corp. Iron Fireman Mfg. Co. Johns-Manville Corp.

Keasbey & Mattison Co. Kidde, Walter, & Co., Inc. Minneapolis-Honeywell Regulator Co. Modine Mfg. Co. Otis Elevator Co. Pittsburgh Steel Co. Portland Cement Association Robbins & Myers, Inc. Taylor Instrument Co. U. S. Steel Corp. Warren Webster & Co. Westinghouse Electric Corp. York Corp.

*Source: Publishers' Information Bureau analysis.

RESEARCH



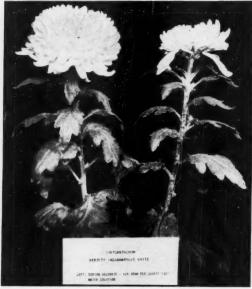
PROBLEM Around the conference table, research executives of the Battelle Institute (director Clyde Williams at the head) discuss a problem brought to them by an industrial sponsor: Find new uses for selenium, a byproduct of copper refining

Solving Industry's Research Problems

Hundreds of companies turn to Battelle Institute every year. Sponsored research projects have turned up new products, improved old ones, and led the way to important scientific discoveries.



RESEARCH In hothouse laboratory, technician experiments with selenium compound; he knows that plants which absorb it from soil are toxic to insects



RESULT Beautiful chrysanthemums. The plant at the right, infested by insects, droops wearily; one at left was grown in soil treated with sodium selenate (TURN TO PAGE 60)



Prosit!

Our nation's breweries annually produce some 87 million barrels of the foamy, amber liquid that goes with cheerful "saluds" and "prosits".

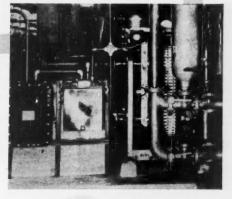
From the time its ingredients first meet in giant vats until it goes out the brewery door in barrels, cans or bottles, beer is pumped from process to process by batteries of electric motor-powered pumps. That these pumps must be dependably powered to insure economical, continuous operation is an important factor in the modern brewery. For this reason, Wagner motors are often found supplying their power.

For the same reason, Wagner motors are found in most branches of industry, dependably and efficiently powering machinery with motors from 1/125 hp to 400 hp. Wagner makes a complete line of standard motors for all current specifications, with a wide variety of enclosure types and mountings.

Wagner engineers are qualified to specify the correct motor for *your* requirements. Consult the nearest of our 29 branch offices or write us.

Wasner Electric Corporation

6460 PLYMOUTH AVE., ST. LOUIS 14, MO., U. S. A.



Piston-type beer pump installed in a large brewery. A Wagner 25-hp, 1750-rpm, type HP, explosion-proof polyphase motor driving through an all-motor type geer-reducer unit having output speed of 269 rpm, is used on this applica-



Wagner totally-enclosed fan-cooled motor, tested and approved by Underwriters' Laboratories for Class 1 Group D hazardous locations.

Wagner Corneration

ELECTRIC MOTORS - TRANSFORMERS
INDUSTRIAL BRAKES
AUTOMOTIVE BRAKE SYSTEMS — AIR AND HYDRAULIC



Projection microscope used to deter-mine particle size of ground samples in low micron or sub-sieve range.

When a problem arises in connection with your pulverized material... when you feel your milling costs are too high... when hner grinding is needed... when more uniform particle size or more thorough dispersion will improve your finished product... you need to be sure of performance before you make any investment in equipment or processes.

tormance before you make any investment in equipment or processes.

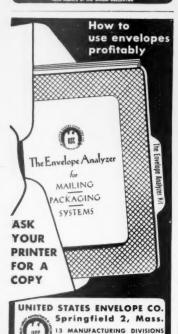
The answer lies in submitting your problem to our Research Laboratory. Here, and in our Test Grinding Dept., every phase is analyzed scientifically and practically. The resulting report can be your unfailing guide to improved pulverizing operations in your plant.

Obtain these services Of Territory of the process of the proces

Obtain these services of without cost or obligation, send today for Con-fidential Test Grinding INDUSTRY Data Sheet.

PULVERIZING MACHINERY COMPANY

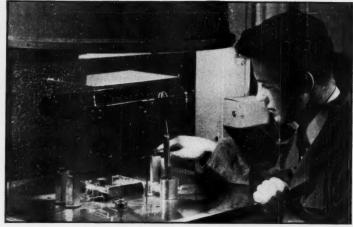
SERVING



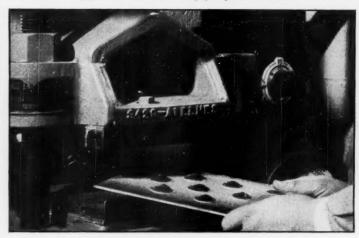
LOCATED FROM COAST TO COAST

your Printer or Paper Merchant

BATTELLE (continued from page 58)



Technicians also know that selenium will conduct electricity-but not RESEARCH in the dark. They looked for ways to put this property to work. With this high-vacuum equipment, selenium-coated xerographic plates were made



Selenium has long been used in rectifying electrical currents. So the in-RESEARCH Scientism has long occur used in rectaying several stitute's physicists turned to making improvements in sclenium rectifiers. Here powdered selenium is put through first step in making rectifier plates

The Problems Are Practical

One of Battelle's rules is: The project has to have a good chance of paying off before institute agrees to work on it.

Last week scientists at the Battelle Memorial Institute in Columbus, Ohio, took the wraps off an important new titanium alloy. For an undisclosed client, they had alloyed chromium and carbon with titanium, produced an alloy with a tensile strength of 182,000 psi., an elongation of 8%. Battelle be-

lieves it may be the answer to industry's search for high strength plus ductility in titanium (BW-Jan.8'49,p40).

Research on projects like this poured \$51-million into Battelle's revenues in 1948. And because Battelle has a record of coming up with the right answers, industry has been beating a path to Bat-



by xerography. Picture RESULT Image is transferred from selenium-coated plate by static electricity



Smaller and more efficient RESULT rectifiers. Note difference in wave lengths on fluorescent screen

telle's front door for 20 years with some of its toughest research problems. • Trouble in Oil-A typical case:

One day in the fall of 1945 two oilmen from West Texas came to Battelle with a real tear-jerker: To strike oil they had been drilling deeper and deeper. Now their drill strings-the pipe sections they join together to form a driveshaft for drilling bits-were breaking with the consarndest regularity. This was mighty annoying. When a string breaks, you can lose the entire hole, and that can mean \$100,000.

• Problem-Was the added strain of the longer pipe doing it? Or was the pipe



'S THE BRIGE

on Lighting Costs?

FIGURING COSTS is a tough proposition when you chuck out all your old fixtures and do an all-around job of re-lighting. Maintenance costs were my worry when we remodelled. And that's why I insisted on fixtures with General Electric Turret* lampholders.

FIGURING COSTS from my standpoint, these Turrets are really doing a job. Replacing a lamp in an ordinary fixture is a job for an octopus. Replacing lamps in fixtures equipped with G-E Turrets is a simple one-hand job. And-besides the speed we get in relamping-we don't have to fiddle with gadgets to hold the lamps in place. Turret lampholders grip lamps firm, make good contact-all with a simple, quick, one-hand operation.

FIGURING COSTS from the Boss' standpoint, of course, means "How is fluorescent lighting affecting the over-all production picture?" He claims the whole shop's doing a better job with less wear and tear on all personnel. Incidentally, he mentioned the fact that we're doing our lamp maintenance fast with a minimum of interruptions in the shop. And I have G-E Turret lampholders to thank for that.

Why not write to General Electric for information on Turret lampholders? Address Section Q47-310, Construction Materials Department, General Electric Company, Bridgeport 2, Connecticut.







G-E TURRET LAMPHOLDERS for easy maintenance. Furnished in three styles for twoor three-lamp units. Insist on General Electric lampholders on the fixtures you buy.

G-E WATCH DOG" STARTERS that start lamps hot-stop them cold when flicker begins-outlast ordinary starters. Look for this tag for efficient fluorescent lighting.



GENERAL (%)



ELECTRIC





The letters you write—and the stationery on which you writeare your business representatives. Make sure that they make a good impression. Use a modern letterhead. And use a modern paper. Specify pre-tested Nekoosa Bondfor fine appearance, durability and the added prestige of

a famous watermark.





Research like Battelle's practically amounts to factory work. This EQUIPMENT little three-phase arc furnace actually makes steel on a small scale

inferior in quality to that put out before the war?

Battelle researchers went into a huddle. With a \$20,000 appropriation to finance a year's study, they went to work. Two Battelle men spent weeks in Texas looking at the trouble at its source. They sent cracked pipe sections back to Columbus for tests.

And by the time the two men got back to Columbus themselves, they thought they had the answer to the trouble: The metal was breaking under a combination of cyclic stress and corrosion. The stress was caused partly by the pipe bending of its own weight at depths of 10,000 ft. or so and partly by the corrosion by the brine and mud solution used as a drilling lubricant.

· Solutions-The first problem was to overcome the bending stress. Battelle technicians found their solution in a gimmick that one of the oilmen had devised to drill faster: heavy steel collars attached to the end of the drill string. Their weight stretched the pipe and eliminated the metal's fatigue caused by bending.

The other problem-corrosion-was attacked in two ways. Chemical inhibitors were added to the corrosive brine solution. And a coating was developed which could be applied to the inside of the pipe

A year after Battelle started its research, the problem of string failures in the West Texas fields was as dead as a dry hole.

• Scope of Research-Solving problems like these has made Battelle one of the recognized world leaders in ferrous and nonferrous metallurgy, in the technology of graphic arts, and in most phases

of fuels and combustion research. But this is only part of the field which Battelle encompasses. Its work takes in such other fields as industrial physics, electronics, nucleonics, organic chemistry, paint technology-and paper, agri-cultural, and physical chemistry.

In general, research organizations fall into two categories. First there are the ivory-towered laboratories of great universities and advanced institutes. Theirs is the realm of pure research-research for research's sake. Only occasionally (and then almost shamefacedly) they take on an industrial research job.

In the second group fall the research divisions of large corporations like those of Gulf Oil Co. and Eastman Kodak (BW-Dec.11'48,p23). These produce what their own companies need.

• Battelle's Place-But between these two categories are the nonprofit research institutes like Battelle. These are usually supported by endowments, and have some of the freedom of academic laboratories.

Battelle's approach to a problem is strictly not ivory-towered. A founding principle was that it would undertake no research projects for a sponsor unless the project had a good chance of paying off. Industrialists liked this approach and responded accordingly. Battelle believes that this policy is one reason for its rapid expansion.

Since its founding Battelle has done some \$25-million worth of sponsored research. To keep up with its growing business, it has expanded its plant three times since the war's end. And this week, steel work was going up on its fourth: a \$500,000 laboratory.

On the basis of staff and dollars

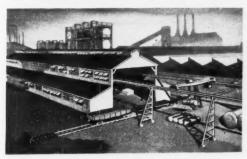
How you can cut your building costs without cutting corners"



THIS MODERN truck terminal shows how ideally Luria buildings are suited to a field where such facilities are urgently needed today.



USED SINGLY or in any multiple arrangement, Luria buildings are adaptable for anything from a warehouse to a complete industrial plant like this.



EVEN THE HEAVIEST TYPE of industrial buildings are now standard with Luria, as illustrated by this steel fabricating plant with extended crane runway.

When you specify Standard Buildings by Luria, there's no need to compromise on your building design—to take something that's "almost right" and try to make it do. For Luria's standard line is so complete—and so flexible—that your precise requirements can easily be met, for anything from a truck terminal to the heaviest type of industrial building. The wide range of sizes, optional features, accessories and collateral materials gives you unlimited freedom of building design and architectural treatment.

Luria buildings don't cut any corners on quality either. They are permanent, heavy steel-frame structures designed to meet the most exacting building codes. Yet they cost little or no more than light-weight "temporary" buildings. What's more, Luria buildings are available now!

For the complete story, mail the coupon below for our new 20-page catalog on Standard Buildings by Luria.



LURIA gives you complete freedom of architectural treatment, too, as typified by this modern showroom and service building.



AVAILABLE with clear spans of up to 100 feet, Luria buildings also provide low-cost wharf storage and transfer facilities as shown above.

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Obviously, to the extent that you can adapt cold roll forming to serve your manufacturing needs, you can effect sweeping operating economies. Coiled strip and sheets can, at a cost of only a few cents per 100 feet, be converted into structurals, moldings, panels, tubular, box and other shapes. Metal up to ½" thick can be cold-roll-formed on Yoder machines.

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spent on sponsored research, Battelle led the way in 1948.

Here is how it stacked up against similar institutions:

Laboratory	1948 Research Expenditures	Staff Member
Battelle	.\$5,500,000	1,300
Mellon Institute.		763
Armour Research Foundation		640
Midwest Research Institute		126
Southern Research Institute		92

• History—The Battelle Institute was founded under a trust fund left by Gordon Battelle, son of a prominent Ohio industrialist. As a young man on his own, he once farmed out a problem on zinc research to a commercial laboratory. He poured a good deal of money into the project, but the laboratory never came through with anything concrete. The upshot was a gnawing feeling that he had been taken for a ride.

In Battelle's will, written three years before he died in 1923 at the age of 41, he provided for the founding of "a Battelle Memorial Institute . . . for the purpose of education . . . (and) encouragement of creative research." Battelle's estate provided a nucleus of some \$1.5-million, set up in the form of a trust. His mother later left \$2-million.

The Institute opened its doors in the summer of 1929. On its staff were 20 workers. Its first year it netted some \$30,000.

• How It Operates—Under its operating plan, Battelle's facilities are available to all companies, big and small. Sponsoring companies pay for the time of staff members assigned to the project, cost of materials, and a share of the general overhead. Battelle furnishes the plant and equipment.

In all cases, companies retain complete rights to all developments. Thus, Battelle virtually is a private laboratory for any company with work there.

At the head of Battelle's management today is Clyde Williams, 55, who has the diverse virtues of scientist, administrator, and salesman. With the Battelle Institute from its opening, Williams runs the place on two seemingly contradictory theories:

(1) A scientist works best in an atmosphere of freedom.

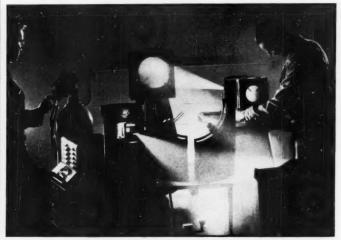
(2) Teamwork can accomplish more in less time than a group of prima donnas working individually.

• Flexibility—Williams and his seven assistant directors pick their staff members on the basis of competence in their own fields and their records as teamworkers. The management also tries to keep a balance between theoreticians and those with a more practical bent. And to keep the staff youthful and vital, an internship plan for young scientists has been established.

As a "result of this internal setup, Battelle's organization is extremely flexible. Several operating divisions may work together on certain phases of one project, or work separately on others.

• Backers and Results—Sponsors of research at Battelle read like a "Who's Who" of American business. More than 1,000 companies, from General Electric to Pepsi-Cola, have backed research. So have dozens of trade groups and governmental agencies. At present, more than 150 companies have work afoot in Battelle laboratories.

And Battelle's accomplishments in the past 20 years look like pages out of



GAS ACTION In studying how gases burn, it's important to know how the gas streams behave. This equipment lets Battelle researchers observe and photograph variations in gas streams



Air-flown flowers arrive garden-fresh. That's because they're insulated with protective KIMPAK. Insulation Packaging Photo courtesy of United Wholesale Florists of Calif., Inc.



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personnel. It is pleasant to handle, clean, and takes up a minimum of storage space. What's more, fleecy-white KIMPAK enhances the sales appeal of any product – it's that good looking.

You may choose from a number of thicknesses, backed or unbacked, liquid-repellent or liquid-absorbent — sheets, rolls, or pads. In fact, there is a specification of reliable KIMPAK to meet every requirement of the Four Basic Methods of Interior Packaging . . . Surface Protection, Flotation Packaging, Blocking and Bracing, and Absorbent Packaging.



Surface Protection - Table top. Photo Courtesy Drexel Furniture Co.



Flotation Packaging - Dental Model. Photo Courtesy Kramer Dental Studio.

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Call or write your local distributor for the illustrated KIMPAK book on how to improve your present packaging. He is listed in the Classified Directory. If you prefer, simply mail this coupon.

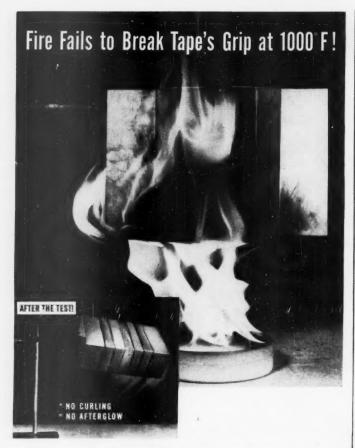
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Production Short Cuts to Reduce Costs . Research to Speed and Improve Methods

an almanae of scientific discoveries. Here are some of the projects Battelle has worked on, or has under way:

Research into using plentiful, low-

grade taconite ore;
Xerography, or "dry-writing," sponsored by Haloid Co. (BW-Oct.30'48,

The electrical micrometer, sensitive to one ten-millionth of an inch;

Research into the harmful effects of hydrogen in steel;

A furnace developed for the bituminous industry which literally burns its own smoke;

A plastic mold for the printing industry to take the place of wax molds; Studies on creep-the dimensional change of metal under stress at high temperatures.

· Open and Shut-Besides developing new products and materials, and improving existing ones, Battelle research has cut production costs, improved manufacturing processes, and found new uses for industrial wastes.

Battelle keeps much of the information on its current research projects secret-either for security reasons, or because contracts with private sponsors do not permit the release of information. Its research on atomic energy, jet propulsion, and guided missiles falls into this class. So does much of its work on titanium.

• Tie That Binds-And the future? Battelle has no Buck Rogers prophecies on the scope of its work. But Battelle believes that its future is secure because it is bound up with the future of American industry.



MODELS This quarter-scale model of a firebox is helping Battelle technicians improve the performance of oilfired locomotives for a western railroad. Battelle men found that resistance to the air flow into the firebox cut the power output by poor combustion of the fuel oil

TO A MOTOR OIL REFINER WHO IS PROUD OF HIS BRAND



(Reading time 50 seconds)

Whether you spend \$100,000 or \$1,000,000 advertising your brand of motor oil this year, protect your investmentmake sure that the car owner can quickly and surely identify your brand at the point of sale.

And there's nothing like a metal can, attractively lithographed with your name and trade-mark, to identify your oil. Each can of oil is its own point-of-sale display. At the same time, cans are easier to handle, prevent substitutions, enjoy top consumer acceptance and help service station attendants pick the right SAE grade of oil for each car.

Next to keeping your refinery running smoothly, nothing can be more important than a smooth, uninterrupted flow of oil cans. That's why we suggest you check with Continentala dependable source of supply!

Continental is big enough* to have the flexibility to meet difficult situations. We have an extensive research staff and sales organization to give refiners the kind of service they must have. And we have the let's-help-the-customer attitude that can mean so much in a "pinch." Get in touch with Continental and find out what we can do for you.

You can't beat Continental as a dependable source of supply!

CONTINENTAL (C.



CAN COMPANY

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*MAKERS OF: Tin Cans • Fibre Drums • Paper Containers • Steel Containers • Plastic Products • Crown Caps and Cork Products • Decoware • Machinery and Equipment



Six Baker Trucks keep materials on the move at this busy Cleveland plant. Some of them have been in use for 20 years—and are still handling heavy loads of railroad track switches, crossings, and other track materials, giving the same trouble-free, low-cost, quiet and dependable service as those purchased more recently.

Long steel rails, too long for skids, are handled on a trailer coupled to the Baker Low-Lift Truck.

"Before we installed our electric trucks," says Mr. Von Benken, electric maintenance engineer, "we employed about 70 hand truckers—but the trucks enabled us to transfer them to productive work. One electric truck is now doing the work of 12 men with hand trucks."

The trucks are required for constant service during the 8-hour day —lubrication, battery charging, and the occasional maintenance needed being done when the plant is idle.

"It would be difficult to imagine how we could run our plant without such sturdy material handling equipment," adds Mr. Von Benken. "We depend on these trucks."

Let the Baker Material Handling Engineer show you how dependable BAKER Trucks can cut your handling costs.

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Baker INDUSTRIAL TRUCKS

READERS REPORT:

How to Spur Housing

Sirs:

I read with interest your "Trend" dealing with the possibility of the socialization of the steel industry [BW-Jan.15'49,p108]. Then later your "Trend" dealt with the home-building industry [BW-Jan.29'49,p92]. As this is my business, it was impossible for me to feel other than disappointed in the article's contents. It is this business which is actually being socialized nownot at some future time—and it is amazing to me that this danger was not really emphatically stated.

Mr. Tati, one of the sponsors of housing legislation, admits that "public housing" is socialistic. He qualifies it by saying it is only a little socialistic, whereas the Administration's bill is more so. Public housing is like pregnancy. You just can't have a little of it.

Charles Abrams, eminent spokesman for the public-housing movement, recently stated in his regular column in the New York Post: "The New York City Housing Authority looms as the big plum in the political orchard, and the politician who dominates the housing authority controls the city's political destiny."

The first step toward socialism is the liquidation of the incentive of home ownership, and home ownership itself. This is already with us in the form of public housing, and legislation at state and national levels for its growth. It is then a very easy step to socialize other industries. Won't you please really give this a similar wallop to the one you gave to the steel industry?

J. HAROLD GENRICH GENRICH BUILDERS, INC.

SNYDER, N. Y.

Sirs:

the proper people to build houses are private builders, and FHA is doing a fine job of seeing that good houses are being built. I realize that, to meet the low-income group, it will be necessary to build houses that can be financed over 25 to 30 years so that the payments will be low enough to enable a home seeker making \$50 to \$60 a week to purchase these homes at practically the price of rent.

Needless to say this type of worker has no cash reserve; if he is to buy these houses, very little cash will be available as a down payment. It seems to me that if the government guarantees the loan up to 90% or 95% of the necessary replacement cost and a secondary market was made available through FNMA of the RFC, the private lending institu-



BRITISH INDUSTRIES FAIR



Britain has long been the world's greatest customer, and has led the way in the export of manufactured products. By initiative in modern

research, and from experience of commerce with other nations, her industrial production has become greater and more varied than ever in history.

Renowned for the quality of her work, Britain has applied new technique to her famous industries. By enterprise in fresh markets she has achieved record deliveries, and export production still expands. To keep in touch with these develop-

ments great numbers of the world's principal buyers are making visits to Britain.

Every year, from over 100 countries, trade buyers gather at the British Industries Fair. The Chamber of Commerce in Birmingham, and manufacturers from every part of Britain, join with the British Government to welcome them.

At BIF 1949, from 2-13 May, three thousand exhibitors will display the latest developments in thirty groups of allied trades. The leading men of international commerce are invited to attend the world's greatest assembly of national products.

2-13 MAY 1949 TRADE BUYERS-PLAN YOUR VISIT NOW

Information about exhibitors, special displays and facilities at the Fair can be obtained from the nearest British Embassy, Legation or Consulate.



Unlike today's other rising costs which may be compensated for by larger volume, eye accidents are out-and-out embezzlers of your profits. THEY CUT BACK PRODUCTION-by putting "green" workers on the job, lowering shop morale, placing expensive equipment in less trained hands. All this, in addition to the direct cost of a major eye accident which some authorities estimate at \$350 or more.

Good business judgment dictates that these costs be cut im-

mediately. Your AO Safety Representative can show you how 98% of all eye accidents can be prevented by an eye protection program that will pay for itself in six months or less.

American lo Optical

SOUTHBRIDGE, MASSACHUSETTS . BRANCHES IN PRINCIPAL CITIES

tions would take this paper. They were glad to get it under Title VI which expired in May of last year. However, since FNMA has been limited to 50% of any one bank's total FHA paper, the attitude of insurance people has changed and they cannot handle two package loans except at a discount.

It seems to me, inasmuch as the law has been written and FHA is thoroughly familiar with Title VI, if authority were given FNMA to handle 100% of small banks' loans, this would let the small builders start operation and would give Congress the opportunity to work out thoroughly any additional legislation that may be necessary for any other housing .

GEORGE R. POSTON EAST PARK COMPANY, INC. GASTONIA, N. C.

. . . The building industry has made tremendous technological progress during the past 15 years, and much of the thinking calling for public housing dates from the mid-thirties and has not recognized the progress that is taking place.

Certainly there is a need for public assistance for housing, as there is a need for public assistance for nearly every other major industry. However, it is important that it be stimulative rather than USHA-type public housing, which is the least imaginative form of public assistance. Aside from subsidizing high land values in slum areas so that other endeavors were stopped at the outset, it provided relatively poor accommodations at very high costs per living unit . . .

There are many virtues to the old American custom of holding out plums that stimulate night work and ingenuity. For example, suppose provision were made whereby FHA would insure loans to builders covering all of their cost on low-rent houses-the loans to be repaid from rents. Some builders would go broke! Some builders would get rich! But the country would get rent houses a whale of a lot cheaper at the outset and at a fraction of the annual overhead than if some government bureau built them. Competition would take care of the rent-control problem in its own inimitable way

FRANK M. ROBERTS UNIVERSAL HOMES, INC. PALO ALTO, CALIF.

Disc Brakes

The article pertaining to the Budd Co. [BW-Jan.15'49,p30] and Edward G. Budd is very interesting and good. I should like to correct, however, the erroneous statement made under the subheading of "Disc Brakes." state: "It replaces the conventional ironshoe railroad brake with one that is something like an automobile brake."

Brakes on automobiles use a shoe with a pan formed like a steel stamping. No American auto has disc brakes as we know them to be. Some trucks have helper brakes, which are discs with a similar device to that which you relate as being the Budd development.

I believe the only auto which claimed an "airplane-type disc brake" was Tucker Corp.'s. The 30 or 40 that were put out were put out with disc

brakes.

In my opinion, your article should refer to these [Budd brakes] as being similar to the propeller-shaft brakes as used on trucks, or more similar to airplane brakes.

F. M. Young

PRESIDENT, YOUNG RADIATOR CO., RACINE, WIS.

• Right. The trouble with our sentence lies in the phrase "something like." It takes in far too much latitude. What we had meant was simply this: The two brakes resemble each other in the sense that the braking pressure is a drum in one case, a disc in the other—rather than to the wheel itself.

That, of course, was a loose comparison. We should have been as exact as we were in our original note on the Budd device [BW—Nov.8'47,p74].

Field Warehousing

Sirs

You had an excellent story on field warehousing, "A Warehouse in Your Own Plant" [BW—Dec.11'48,p33].

Factually, the article was accurate enough for all practical purposes. My only quarrel with it is that in one respect it did not seem to me to be up to the usual high standard of judgment used in BUSINESS WEEK'S columns.

It has been my observation that when nusiness week writes about an industry, it has based its story principally around the leading companies in the field. In the present instance, it seems to me it would appear to a reader that American Express Field Warchouse Corp. was such a leader, when, as a matter of fact, that company would account for only a very small proportion of the field warchousing done in the U.S.

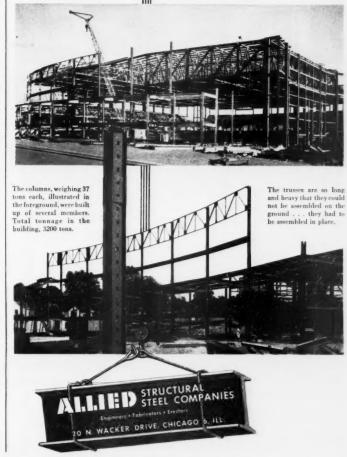
On the other hand, there are two leading companies, these being Lawrence Warehouse Co. and ourselves. We are the only two engaged in field-warehousing operations from coast to coast, and I was somewhat surprised to find our names brought in only at the very end of the story.

Please do not think that this letter is in the nature of a complaint. As a matter of fact, we have obtained some nice accounts directly traceable to the

A Tough Fabricating Job Yields To Allied's Triple-Plant Production Facilities



The fabricating of the structural steel for this Field House was greatly facilitated by distributing the work in the three Allied plants. All duplicate sections, such as columns, were fabricated in one shop; the trusses in another shop; the purlins and bracing in all three shops. Allied crews, serving on tough jobs, give visible evidence of their dexterity in the expertly fabricated members arriving at erection sites on due dates.





A national organization to improve and extend the uses of portland cement and

concrete . . . through scientific research and engineering field work

story in Business Week. This letter is written because I thought you would be interested in hearing a comment on the quality of your report from someone in the industry.

STANLEY D. HART

VICE-PRESIDENT, DOUGLAS-GUARDIAN WAREHOUSE CORP., NEW ORLEANS, LA.

• We of course did not mean to imply that American Express, whose current activity provided the newspeg for our story, is the largest in the field-ware-housing business. As a matter of fact, we said specifically: "By far the largest . . . is Lawrence Warehouse Co. of San Francisco." And we headed the paragraph about others in the field with the name of Douglas-Guardian.

State Mediation

Sirs

I should like to compliment you on your article concerning state mediation agencies [BW—Jan.29'49,p72], since the subject has received small public attention in relation to the significant job which is being done for labor, management, and the public.

I noticed what is undoubtedly an inadvertent error. It is stated that in 1948 a total of 1,499 cases was filed with the New York board, about evenly divided between mediation and arbitration cases. Actually, there were 1,499 arbitration cases and 1,522 mediation cases, or a total of 3,021 cases in all filed with the board during 1948.

ARTHUR STARK

BOARD OF MEDIATION, NEW YORK STATE DEPT. OF LABOR, NEW YORK, N. Y.

Copper-Brazing of Steel

Sirs:

Your write-up on discasting steel parts [BW—Feb.5'49.p34] was very interesting, but we feel that there is another method of fabricating steel parts that is also worth mentioning. Although it has been adopted by a majority of the progressive manufacturers, many do not know about its merits.

It is combining tubes, discs, bars, stampings, screw machine parts, and what-have-you to make up what otherwise would be a complicated steel part, and copper-brazing it in hydrogen atmosphere. When it comes out of the furnace it is clean, smooth, and of the same strength as a one-piece part. The most important point is that the overall cost is very low.

We have copper-brazed many millions of steel parts for defense and civilian products manufacturers.

M. I. RUSSELL

EDWARD E. RUSSELL CO., WALLINGFORD, CONN.



Freedom begins at home

IN America we take Freedom for granted. It is hard for us to understand why anybody would willingly give up his freedom, to live under a rule that dictates every move of his life.

Yet we must face the sobering fact that right here at home there are plenty of people who are working to curtail, and eventually to abolish personal freedom, and substitute rigid central controls over our activities. Too often these misguided groups and individuals work harder at their self-appointed tasks than do we who think we prefer freedom.

We as business men, above all others, perhaps, have a responsibility in this matter which we can ignore only at the peril of our own survival.

The Youngstown Sheet and Tube Company

General Offices -- Youngstown 1, Ohio Export Offices -- 500 Fifth Avenue, New York MANUFACTURERS OF CARBON, ALLOY AND YOLOY STEELS

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For the first time in many years, Stolper has plant capacity for a few additional accounts. With facilities expanded, and 41 years of experience producing quality custom-built sheet metal parts and assemblies for many of America's leading manufacturers, we are prepared to serve you well. If your requirements fit in with these expanded facilities, Stolper may help you win more 1949 business. Tell us your needs. We'll tell you just what we can do for you.

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In complete confidence, Stolper Sheet metal engineers will analyze your requirements as you outline them. Our aim is to function as an integral part of your own organization... to give your parts and assemblies improved appearance, top quality, at reasonable cost. If you can use this sort of production cooperation, Stolper is ready!

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MARKETING

How Long a Retailer's Day?

Department stores are cutting down on night hours. Main reason: Added costs offset sales gains. But competition from longworking chains and mass retailers has them worried.

If a department store set out to catch every last customer, it would stay open 24 hours, seven days a week. Admittedly, this would cost a lot of money. But everyone could pick his own shopping time.

Since the war, a lot of stores have moved the other way. Retailers that used to stay open till 9 o'clock some evenings are closing at 5:30.

• Survey—This trend shows up in a nationwide store-hour study just released by the Rochester (N. Y.) Times-Union. It's making many store executives take a second look at their own store hours.

The survey covers 232 cities. It shows that, before the war, the major stores in 47% of the cities stayed open at least one night a week. During the war, the percentage rose to 63%—to accommodate Rosie the riveter. Now, the figure is back to 56%.

• Size Counts—The evening-hour cutback has been most apparent in the big cities. In the war days, the big stores in 25 of the 33 largest cities surveyed—those with populations of over 250,000—were open some night during the week. At present, night openings are the rule in only 15 of these cities. That's still higher than prewar, when the number was 12.

Stores in 69% of the smaller communities studied (population under 50,000) featured night shopping before the war. The war didn't change store hours much for these areas—the percentage figure climbed only one point. And that's where it stands today.

• Reasoning—Department-store men can find plenty of reasons for staying on either side of the store-hours fence.

Cne argument against night openings is the added expense if the store also has to maintain its regular daytime hours at the same time. If you add four shopping hours to the store schedule each week, that means you've got to add a



Short-Haul Special Cuts Capers for Store Opening

For the opening of its new \$1-million store in Columbus, Ga., Davidson-Paxon Co., Atlanta division of R. H. Macy & Co., borrowed a miniature train from a local amusement park. The train carried city, company, and military officials from a "kickoff break-

fast" to opening day festivities. Later, local shoppers got a ride in it, too. The opening was accompanied with plenty of hoopla—a 105-piece band, live mannequins in store's windows, and hillbilly singers cavorting for first-day shoppers. lot of wages, too. Many store operators aren't sure whether the money they take in at night makes up for the extra cost. And many figure the business would find its way into the store anyway.

One way around this problem, of course, is to open late on the day the store is scheduled for night hours. But here again you have to weigh the evening business gained against the morning business lost.

Some department-store retailers cite another drawback to evening shopping hours: Their salespeople, they argue, don't want to work at night.

• What Supers Do—The proponents of evening openings have an answer to that one. They say: The all-night supermarket or drugstore has licked this problem—so why not the department store?

Competition from the supermarkets, super-drugstores, clothing chains, and other mass retailers is, in fact, one of the most potent arguments for keeping department stores open longer.

These mass sellers are gradually enlarging their store units. And what really worries the department-store men is this: As mass retailers have expanded, they have begun to sell a lot of items that you used to be able to buy only in a department store. Some super-drugstores, for example, have added appliances, soft goods, even some home furnishings.

What's more, the mass retailer doesn't seem to worry about getting home to supper on time. He'll keep his store open every evening until 9—or stay open all night, if necessary.

• Plenty of Customers—Here's one reason why the clothing chain or supermarket stays open after the sun goes down: Young married couples represent a choice market for most merchandise. But the young housewife, as well as her busband, frequently works during the day. This means that they can't shop during the daytime, except maybe during lunch hours. And they use Saturday to catch up on household tasks, do their shopping at night.

Another piece of evidence has department-store operators worrying: A recent survey made in Pittsburgh (by the University of Pittsburgh's Research Bureau for Retail Training) showed that almost a quarter of the city's population would shop at night only—if it could.

 Other Remedies—Some department stores are trying to ease around the whole store-hour difficulty by expanding their telephone-order services. In St. Paul, the Emporium has started an around-the-clock telephone service. Gimbels in New York has had a Sunday telephone service for some time. But this trend is far from general.

Another suggested remedy is to dig deeper into the mail-order business. Many stores, however, doubt they can make this type of business pay off. HOW TO MAKE A

Southern California

PAY OFF IN HARD CASH!

Many of our winter visitors look like vacationists, and are vacationists, but—(sh-h-h)—they have an eye in another direction, too They are out here to appraise Southers California for their businesses.



Why? Because one-third of the market of all the 11 western states is right bere... one-third of the families, retail sales and spendable income!

So why don't you investigate Southern California? If you want to participate in the tremendous, fast-growing western market, you'll find the most profitable and accessible part of it concentrated here!

And while you're doing it, bring the family and have a real vacation. Remember—what's snow and sleet back there is all sunshine and roses out here. Take in movieland, the Pacific Ocean, bask in the desert sun, enjoy high mountains, horse races, old Spanish missions, orange groves.

Think it over. This is certainly the time to investigate this area business-wise...and any time is vacationtime in America's 4-Season Vacationland.

Mail coupon for big 32-page color bookler about Los Angeles County and all Southern California. On arrival, visit the All-Year Club's Free Visitors' Bureau, 517 W. 6th St., Los Angeles, for many other vacation aids.

Ne one should plan to move now to Southern California to live unless assured in advance of permanent housing.

All-Year Club of Southern California, D. 629 So. Hill St., Los Angeles 14, California

City

State.

Please send free full-color vacation be

ALL-YEAR CLUB OF SOUTHERN CALIFORNIA, LTD. This advertisement sponsored by the Los Angeles County Board of Supervisors for the citizens of Beerely Hills, Glendale, Hollywood, Long Beach, Los Angeles, Pasadena, Pomona, Santa Monica and 182 other communities. Copyright, 1949, by All-Year Club of Southern California, Ltd.—a non-profit community organization serving vacationists.

PLEASE PRINT NAME AND ADDRESS

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Yes, that's it-the familiar freight car, which brings you most of the things you eat, wear, and use.

It does its vital job for you so thriftily that it carries freight for charges which average only about 1% cents for moving a ton a mile-taking all kinds of freight over all distances.

When the war ended, these charges were no higher-and in many cases were lower-than when war began back in 1939. But prices and wages kept climbing until freight rates had

Railroad rates, though, went up later than other prices. By the time of the first small increase in freight rates, in the middle of 1946, the average level of other prices had already gone

of other prices-in fact, only about half as much.

So railroad freight charges now represent an even smaller fraction of the prices you pay for the things you buy than they did before the war.

Today, the railroad freight car is not only the most essential car in America -it is also the car that provides the world's thriftiest transportation.





Listen to THE RAILROAD HOUR

presenting the world's great musical shows. Every Monday evening over the ABC Network, 8-8:45 Eastern, Mountain, and Pacific Time; 7-7:45 Central Time.



Oleo Hopes Soar

Margarine makers look for good year in 1949. Five states have already eased sales bans; others may follow suit.

More people are going to spread their bread with margarine this year. At least, that's what the margarine makers are hoping now. They are still glowing from their triumph in Michigan, where the state legislature has just freed colored oleo for sale (BW-Feb.26'49,p77).

With this latest victory under their belts, the margarine people last week counted the 1949 tally, found that so far five states have already taken action to make the sale of oleo easier. Here's the box score:

Tennessee has completely repealed its antimargarine law. Out the window went: (1) a 10¢-per-pound tax on colored margarine; (2) a prohibition against the use of vellow on margarine cartons; (3) a ban on the use of margarine in institutions supported partially or wholly by state funds; (4) state license fees of \$300 for manufacturers, \$75 for wholesalers, \$5 for retailers.

Michigan axed the 48-year-old law that prohibited all manufacture and sale of yellow margarine. A petition of 190,-000 voters initiated the repeal, and the state legislature O.K.'d it. Under Michigan law, an initiated act doesn't have to have the governor's signature.

Washington state passed a bill dropping the state's 15¢-per-pound tax on

uncolored margarine.

Idaho reduced margarine retailers' annual license fees from \$50 to \$5, wholesalers' licenses from \$200 to \$25.

Wyoming repealed its 10¢-per-pound tax on margarine containing less than 20% animal fat. Net effect will be to admit conventional vegetable-oil margarine to the Wvoming market.

Washington, Idaho, and Wyoming are still keeping a hand on the lid, though they have tipped it a bit. All three still ban the sale of colored mar-

In all, there are now only 18 states that still have severe antimargarine laws. By the end of this year, the number may

have shrunk considerably. · More to Come-Margarine men think

that their product will get more legislative boosts in 1949 than it got last year. During 1948, five states (Maine, Maryland, Massachusetts, Missouri, New Jersey) abolished their bans on vellow margarine. And currently legislation to repeal-or modify-laws limiting the sale of margarine is pending in eight states.

In most of those eight, there is more than one bill up for consideration. California, for example, has seven bills in the hopper; Pennsylvania has four; Wisconsin, three.

 Other Hopes—The margarine makers have one other dream they expect to come true this year. They look for repeal of federal margarine taxes and license fees.

A.&P. Loses Again In Antitrust Action

The Great Atlantic & Pacific Tea Co. last week lost the second round of its antitrust scrap with the government. The Circuit Court of Appeals in Chicago unanimously upheld an earlier judgment against A. & P. by a federal district court in Danville, Ill. (BW-Sep.28'46,p18). A. & P. is expected to appeal the ruling to the Supreme Court. · Abuse of Power-The 19-page decision by Circuit Judge Sherman Minton held that "one cannot escape the conclusion . . . that A. & P. succeeded in obtaining preferential discounts, not by force of its large purchasing power and the buying advantage which goes therewith, but through its abuse of that power by threats to boycott suppliers and place them on its individual black list, and by threats to go into the manufacturing and processing business it-self. . . . The influence of this ruthless force in the food-buying field was also used to compel suppliers to discontinue practices in their business which might be detrimental to A. & P."

 Company's Story—The company built its defense on the contention that it's better to serve a lot of customers at low prices and at a low rate of profit than it is to serve fewer customers at high prices with a high profit.

Independent food stores, A. & P. contended, have increased their share of the total food-store business since 1933.

A. & P.'s share skidded even more than the aggregate of all the food chains. That, the company said, proved its actions hadn't killed competition.

COMPANY BUYS PACKER

Washington Packers, Inc., Sumner, Wash., is a cooperative that packed about \$6-million worth of frozen and canned foods in its best postwar year. But since January, it has been caught in a financial wringer. Seattle-First National Bank took over the company then after it had advanced some \$1.8-million.

Last week a new corporation took over the business of the cooperative. Dewkist Packers, Inc., named after the cooperative's brand, bought the plants and facilities. Management of the company will be in the hands of N. H. Kelley and C. D. Farquhar, Tacoma food freezers and cherry briners.

THE "TRIPLE C" PLAN

to help you lower your BREAK-EVEN POINT!



"Doubled production! Held costs down despite rising wages! Savings made in the machining of this one part paid the entire cost of installing the plan!"

Large midwestern manufacturer.



"Assures maximum tool economy and accurate grinding of intricate form tools so important...in a highly competitive field."

Top-ranking Detroit manufacturer.

Now!...get even greater savings from your use of carbide tools!

Now it's ready for your plant!

A plan that combines all the elements of successful, efficient use of carbides by many prominent manufacturers!

Based upon years of field experience, Carboloy Company now offers you these valuable findings in a single plan of Coordinated Carbide Control (the "Triple C" Plan), to help you obtain every possible production economy from your use of carbides.

Break-even point too high?

Then this may be the most valuable message you could read today! Wherever the CCC Plan has been tested, wherever it has been put into effect, the results have been astounding:

The plan has doubled, and often tripled, machine production, lowered machining costs in the face of steadily rising wage and material costs—with no increase in manhours or man-power, no plant expansion, no major capital expenditure!

And "Triple C"—Coordinated Carbide Control—can be put into effect by your own men.

The results described at the top are *typical*. Names will be furnished on request.

Let "TRIPLE C" help you

It's ten-to-one that the "Triple C" Plan can help lower your break-even point through greater savings. Write today for the free booklet describing the plan in detail. It's available to management executives of manufacturing companies. No cost or obligation.

Carboley Company, Inc., • 11191 E. 8 Mile Road • Detroit 32, Michigan.







The water cooler that doesn't take time off— FRIGIDAIRE!

Day in, day out—no matter what the weather—your Frigidaire Water Cooler will always give you all the cool, refreshing drinking water you want. Designed to give all-year service, year after year, it's powered by Frigidaire's famous Meter-Miser Compressor. The Meter-Miser's thrifty, trouble-free operation has been proved in millions of Frigidaire products—is backed by a special 5-Year Warranty.



Of the many models of Frigidaire Water Coolers, there's sure to be a size and type just right for your needs. See your dependable Frigidaire Dealer. Or write Frigidaire Division of General Motors, Dayton 1, O. (In Canada, Leaside 12, Ont.)

FRIGIDAIRE *** Water Coolers



Subscriptions to BUSINESS
WEEK are solicited only from
management-men in business
and industry. Position and company connection must be clearly
indicated on all subscription
orders.

BUSINESS OPPORTUNITIES offered or wanted, personnel, financing, equipment, etc., may be found in Business Week's CLUES



1 Trying out Ritts Co.'s collapsible furniture helps customer decide on style



2 Setting up the furniture is easy. Here a salesman shows how it's done



3 Carrying home new chairs is no problem; they're prepackaged for traveling



4 Assemblying the furniture takes only a few minutes—and a good screwdriver

Furniture by the Carton

The furniture market is the latest to get a taste of prepackaging. A new line brought out by Ritts Co., Los Angeles, comes knocked down in a flat box about the size of a suitease. An eight-piece ensemble (tables and chairs for living room and dining room) can be stacked in the back of the family car. Price of the set: about \$275.

Herbert Ritts makes the furniture out of a rattan, plastic fabric, hardwood, and waterproof plywood. It can be assembled or knocked down with the turn of a few screws. Compact and easy-to-move, it should simplify store-handling problems. Only a few samples, displaying the various styles, have to be assembled; the rest of the inventory can be stowed on or off the floor. Then, after the customer has picked out the style and color he wants, his purchase is dealt out prepackaged.

MARKETING BRIEFS

Shoe production in January declined about 17% from a year ago. Tanners' Council estimates it at 33.8-million pairs as against 40.7-million.

Helene Curtis Industries has not infringed machineless permanent-waving patents held by Sales Affiliates, says Chicago's U. S. Court of Appeals. This reverses an earlier court decision (BW—May22'48,p74) against Curtis, the biggest U. S. beauty-shop supplier.

Telachron will give you \$1 credit on your old clock if you buy a new Telalarm (\$6.95 retail). Distributors and dealers will still get their full margin.

Western Auto Supply wants to stretch the list of 2,118 associate dealers, to whom it sells at wholesale, by another 300. This reflects last year's experience: The company's sales to associates rose \$3-million, while the volume handled by its own retail division dipped \$1.3-million. However, over-all volume (nearly \$126-million) was up more than \$44-million over 1947.

Pittsburgh laundries fear that their customers have found other ways to get their washing done. Five weeks after a drivers' strike ended volume was still off 20%.

Customers are lost mainly through shopkeepers' indifference, says the Illinois Beverage Journal. It accounts for 68% of the people who don't come back. Grievances drive away another 14%; high prices, 9%.

Burley-tobacco sales closed last week after some 101-million lb. had passed under the auctioneer's gavel. Average market price—\$47.50 per 100 lb.—was 8% under last year's price for 81-million lb.

Vermont drivers may be issued licenses on their birthdays to avoid the big rush to beat the annual deadline. The state Senate has approved; now it's up to the House.

Trade shows now absorb as much as 15% of some firm's ad budgets, where before the war 10% was unusual. So the National Industrial Advertisers Assn. is trying to devise a "rate card" based on square footage and circulation.

Cordless irons made by Eureka Williams Corp. are going off the market. The high price (\$19.95) killed sales; Eureka couldn't make them for less.



- Men who contribute to our way of doing things, present and future, find in Hammermill's Cockletone Bond the paper that best meets their requirements.
 - They've found that this handsome paper has the "heavier" quality feel, the crisp crackle to lend a reflection of substance and dignity to their business messages.
- Examine this newest accomplishment of Hammermill research and skills...and consider appointing it your business representative.
 Its moderate cost will surprise you!





AUTOMOBILE Kleenex Dispenser typical of new applications found as . . .

Pre-Plated Metals Come Into Their Own

As pressure on production costs increases, more and more companies are studying the economies offered by the use of pre-plated metals.

To mark its 50th anniversary, American Nickeloid Company, Peru, Illinois, pioneer manufacturer of pre-plated metals has released a new study on the properties, fabrication techniques and increasing applications of pre-plated metals. Copies of the study are available on request.



FABRICATION handbook is factual

- The Product—Pre-plated metals are platings of chromium, nickel, copper or brass on such base metals as zinc, copper, brass, steel or aluminum. They are plated one or two sides, in sheets or coils, in a wide range of gauges and tempers. A variety of finishes and patterns offers good design possibilities
- The Savings Pre-plated metals short cut production by eliminating cleaning, plating, polishing operations, before or after fabrication. They are fully pre-finished, ready to be formed, drawn, stamped, bent, riveted, soldered or spot welded.



Drive for More Smokers

P. Lorillard invades national market with its king-size Embassy. Brown & Williamson goes back to coupons to boost sales of Raleigh's. Life, too, may sell countrywide.

Two of the smaller cigarette makers were casting hard last week for a bigger catch of smokers. P. Lorillard Co. had its new king-size Embassy's on the nation's counters after prolonged tests in six key cities; Brown & Williamson was back stuffing premium coupons inside the wrappers of Raleigh's.

• The Old Fight—These tactics sounded the first guns in this year's attack on tobacco's Big Three—American Tobacco, R. J. Reynolds, Liggett & Myers (BW—Jan.29'49,p58). And it looked as though the challengers were employing an old, familiar come-on: Give the smoker a little extra for his money. The Embassy move, coupled with rumors that B. & W. would start national sales on its Life cigarette in June, was also a sign that the king-size side of the industry was on the upswing.

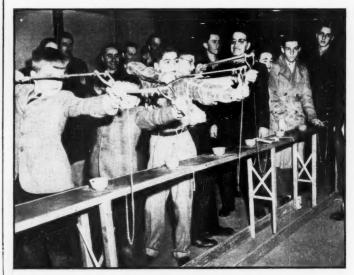
• Proving Ground—In Embassy, Lorillard now has a national running mate for its Old Gold—and a competitor for

American Tobacco's Pall Mall (Pall Mall did about 4% of the total cigarette business last year). Lorillard started its string of field tests on the cigarette in Buffalo in 1947. Instead of giving it the usual advertising push, the company let the product carry itself for two weeks. The only promotion it did was at the point-of-purchase. Only after that did it use car cards, radio, and some newspaper advertising.

some newspaper advertising.

In the Buffalo tryout, Embassy ran the usual course of most new products. Early promotion, coupled with the public's appetite for anything new, pushed sales to 1% of the total market. After the initial spurt wore off they dropped to 0.5%, in all averaged about 0.7% of the total. For all the test cities, Lorillard says, sales were 50% to 60% better than it had hoped for. That made up its mind to go national.

• Other Side-Trade reports, however, give a different slant to Lorillard's sales



New Target for an Ancient Weapon

These two exhibitors at the National Sportsmen's Show in New York City last week found a new use for the familiar slingshot. The amusement industry can make money, they figured, out of the age-old urge to shy a stone at a sitting target. The range was built by Cerrito & Spiceland Range Co., a young Detroit company

founded by two ex-G. I.'s with an eye on the carnival trade. It featured slingshots made by the John Milligan Slingshot Co., another Detroit company. The booth turned out to be one of the most popular exhibits at the show, which this year took up four floors of Manhattan's Grand Central Palace. story. In New York, Life cigarettes (also under test in Minneapolis) were out-selling Embassy by about 2 to 1. Embassy was credited with only 0.2% of the market and was running behind Parliament and Regent king-size.

• More for the King—To lure smokers to the new brand, Lorillard has set up a \$1.6-million advertising budget for 1949. It will buy newspaper space, several 2-color double spreads in Life magazine. In one year, Lorillard predicts, Embassy will be outselling any of its other brands (Old Gold had 4.6% of the total market last year).

Like other king-size cigarettés, Émbassy is thinner in diameter than standard-length brands. Life, which balks at the "king-size" tag, prefers to be called "life-size," is standard in diameter. Present tax laws keep king-size cigarettes from becoming any thicker or longer; more tobacco would put them in a

higher tax bracket.

• Coupons—For Brown & Williamson, the return to coupons revived a plan that started in 1932. It was dropped in 1943 when wartime demands made it: (1) tough to get quality premiums; and (2) easy to sell any kind of cigarette, with or without premiums.

Picking up the plan again posed a problem, however: How could dealers clear out stocks of noncoupon-bearing packs after coupon packs hit the market? The solution: Some time before going to coupons, B.&W. started putting an insert in each package. These inserts are now honored as coupons.

Rumors that B.&W. would go back to coupons, long ago started the public writing for premium catalogs. Result: B.&W. received between 3,000 and 4,000 requests for the book before the formal announcement last week.

"CLEANUP" ADVERTISING

"The most expensive advertisement ever printed in a newspaper." That's what the Chicago Tribune calls an ad run this week by Nu-Fab Corp., Chicago. Cost: more than \$40,000.

Nu-Fab took a full-page ad, printed with regular printing ink on its new rayon textile, Miracloth. Included in the advertisement's cost are 440,000 sq. yd. of Miracloth, which served as a sample for Tribune readers. Readers were urged to take the sheet out of the newspaper and wash off the ink. Then they would have a cloth for washing dishes, dusting furniture, polishing the family car.

According to Nu-Fab, the cloth is made of rayon fibers bonded together with cellulose. The cellulose keeps dirt or grease from touching the base material or absorbing soil or odors; and it keeps the fabric lint-free. Nu-Fab sells five yards of the cloth, in rolls like paper

toweling, for 69¢.

Whether you run a plant, a warehouse, or a retail store...

don't pay taxes

to... n. h.

*NEEDLESS HANDLING, whether in a big plant or a small store, puts a heavy tax on profits. Loading or unloading, movement of work-in-process, filling mixed-package orders, or stacking for storage, may be costing you from two to twenty times more than is necessary!

Kapistan

will cut operating costs, quickly pay for itself, and keep on making profits for you . . . indefinitely



Often the cost of Rapistan Material Flow equipment can be written off in a matter of weeks. Rapistan is the most flexible line of package-type conveyors in the country. You can get a simple, short length portable conveyor for truck loading, a between-floors power-belt, or a combination of multi-directional gravity and power flow. Rapistan equipment is easy to install, can be delivered promptly. With it you get all the benefits of leadership in experience and quality.

free help! To help you visualize how you can profit by Rapistan Material Flow, write on your business letterhead for a copy of "Rapistan Material Flow at Work." No obligation.

See how plant carloading was cut from 90 to 8 man hours...how storage

See how plant carloading was cut from 90 to 8 man hours...how storage confusion was eliminated and loading time reduced 66%...how a processor saved \$200 a week...how 2 men do the work of 10 with less fatigue...and how Rapistan can work for you. Just write to—

THE RAPIDS-STANDARD COMPANY, INC.
11 Repisten Building, Grand Repids 2, Mich.

Representatives in All Principal Cities







Performance Leader in Commerce

People buy more and work better in cool, clean, air conditioned buildings. That is why progressive commercial institutions are interested in clean air and are standardizing on Far-Air Filters. The berring-bone-crimp design assures dependable higher performance, larger dirt holding capacity, lower pressure loss, easier cleanability, reduced maintenance costs.

Among the users of Far-Air Filters are:

Bank of America
F. W. Woolworth Co.
Fred Harvey Restaurants
I. Magnin Co.
National Broadcasting Company
Rexall Drug Company
Savoy Plaza Hore!
U. S. Armed Forces

A well-equipped testing and development laboratory is maintained for research in all types of filtration problems. Farr engineers are available in your territory to serve you. Write Farr Company, Los Angeles 43, Calif.



FINANCE

Textron Trusts Under Fire

Tobey committee charges textile firm gets risk capital from its tax-exempt charitable foundations and beneficiaries get small benefits. Report may bring tightening of Internal Revenue Code.

The huge textile empire of Textron, Inc., "has made wide use of so-called charitable trusts as a means of providing risk capital to itself."

None of the trusts involved—all brainchildren of Royal Little, Textron's founder and top man—has ever "paid a cent of income tax" despite their highly profitable operations in recent years. And although "many millions-have been received by the trusts," only "an infinitesimal portion" of such funds "has been paid to . . beneficiaries."

Through their operation, "large manufacturing companies have been purchased and almost immediately milked of their assets, including working capital and reserve funds."

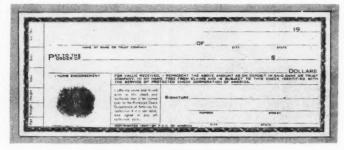
• Committee's Report—Those are only a few of the scathing charges in a report put out last week by a subcommittee of the Senate's Committee on Interstate & Foreign Commerce. The subcommittee charman is New Hampshire's Sen. Charles W. Tobey.

Last summer Textron tossed a bomb-

shell at the New England textile industry: The \$60-million concern announced it was going to close down its 125-year-old Nashua (N. H.) mills and other operating phases of its plant (BW-Oct. 23'48,p44). Congress responded with some gunfire of its own. The Tobey committee was set up to find out what happened, and spent three months on the job. What it found made it tell Congress it should "seriously consider a full investigation into the problem of charitable trusts."

• Tighten Exemptions—Tax exemption, the committee says, should be denied to "the trust which holds itself out ostensibly as having set aside its funds permanently for its charitable, educational or religious beneficiary, but which in reality is using the funds with a free hand in speculative ventures for the benefit of a business concern." And in that category the committee places Little's so-called charitable, educational, and pension trusts.

As soon as the report was out, Little



Thumbprinted Checks are Guaranteed

Since the war, Protected Check Corp. of America has been working on a way to provide loss-proof checks for businessess—such as banks, stores, hotels—that must cash them for strangers. It devised a check like this with space for a thumbprint and description of the casher. Experience proved that the out-and-out crook was too wary to give his thumbprint; he was scared off immediately. Thus, losses were kept low. So now Protected Check Corp. guarantees all checks. That is, if the check bounces, the businessman who cashed it sends it to Protected Check, gets the face amount, and that

company tries to collect (it has been able to do so on 92% of the bum checks). The business buying the service gets the guarantee by buying the blank checks—at 10¢ each. (For people who want to use their own checks, there are stickers—also 10¢ apiece—with space for thumbprint and description.) To avoid messiness, the thumbprint is taken in a colorless cream; it's not actually brought to visibility chemically unless the check bounces. Protected Check Corp. was started by Denver bankers and businessmen, has turned over national distribution to Canler Corp., Chicago.

began blasting at it. Hearings held by the Tobey committee, he said, "were neither impartial nor fact-finding." And he added that the document "is in keeping with the publicity-seeking character of the whole affair.

• As Tobey Sees It-In essence, the Tobey committee accuses Little of op-

crating like this:

He had some capital to start with. He could have invested this personally, made a profit, and thus acquired more capital. But then he would have had to pay out a good share of his gains in taxes.

So he followed another course. He turned over, or loaned, some of his capital to a "charitable"-and therefore taxexempt-trust. Whenever he had a profitable transaction in view, he permitted the trust to handle it. Since the trust paid no tax on its gains, it was able to accumulate funds rapidly. That was Step 1.

Step 2 was to put to use in his business the capital in the hands of the trust. He could do this in many ways. One was to have the trust pick up securities of his operating companies on favorable terms. Another was for the trust to buy plants and lease them to the operating companies at nominal rentals.

Any time it seemed desirable to transfer funds from the trusts to an operating company, this could be accomplished by a sale or trade of assets on terms un-

favorable to the trust.

· Basis of Study-The Tobey committee study covered six trusts. Each was either formed by Little personally over the last decade or so, or organized at his suggestion. Here they are:

Rhode Island Charities Trust-Organized in 1937 with initial contribution of \$500. By September, 1945, its earnings had totaled some \$500,000. Its net worth is reported to have been over \$4.5-million last fall. Sole beneficiary is the Providence (R. I.) Community Chest.

Rayon Foundation-Formed in June. 1944. Sole contribution to fund has been \$100. Net earnings by October, 1948, had totaled some \$750,000. Sole beneficiary is Rhode Island School of Design

MIT Trust-Founded in 1943 with \$500 contribution. Worth \$388,000 at close of 1943; had net worth of approximately \$1-million in October, 1948. Sole beneficiary: Massachusetts Institute of Technology.

Sixty Trust-Formed in December, 1946, to create pension fund for directors, officers, and other nonwage earners of Textron and affiliates. Up to October, 1948, had received total contribution of \$1,275,000 from companies. Assets at that time: \$1-million.

Selbon Trust-Started in December, 1946, with contribution of \$50. Sole

It pays to use your custom molder's know-how

say Sunbeam Corporation's Engineers



in a series on Plastics Skill at Work...

THE PLAN: With custom er's requirements in hand, engineers at Chicago Molded Products Corpor-tion confer on details of ic handles for the new eam Coffeemaster.



CUSTOMER: Sunbeam Corporation Chicago, Illinois

MOLDER: Chicago Molded Products Corporation

MATERIAL: Durez General-Purpore Phenolic Plastic

THE RESULT: Upper andles for Coffeem being removed from multi-cavity plunger mold in double-ram press, one of a battery constructed to molder's specifications.



Design ideas are not the only kind an experienced custom molder can bring to your product plans. His suggestions often give rise to longer product service life, or to lower parts cost.

A case in point is the redesigned Sunbeam Coffeemaster, with plastic handles custom molded of Durez by the Chicago Molded Products Corporation. With a restyled product coming up, Chicago Molded engineers seized the opportunity to offer their client the benefits of an advanced molding method. Realizing that double-ram plunger molding would offer a number of advantages, they adopted this method

of production with results as follows:

The product was better two ways, first in appearance, because less finishing is nec-essary with the new method, and second in durability, since density was improved in the molded parts. Furthermore, reduced finishing operations naturally lowered the final cost.

The quality of Durez phenolic plastics is matched by the experience of our field technicians, who will gladly meet with you and your molder on any plastics problem. You are welcome to call on them freely.

Durez Plastics & Chemicals, Inc., 403 Walck Rd., N. Tonawanda, N. Y.





PHENOLIC PLASTICS THAT FIT THE JOB

BUSINESS IN MOTION

To our Colleagues in American Business ...

The device you see pictured here is an automobile light switch which controls parking and driving lights. Probably few motorists have ever seen such a switch, because the body of it is concealed under the dash or back of the instrument panel. People see only the knob. Because the operation of such a switch is so simple and reliable, probably most people think it is equally simple in design.

The fact is, however, that its simplicity and reliability of operation are protected by design and materials that foresee the conditions and contingencies of use. This is typical of a great many products which

are taken for granted by people who never realize how much forethought has been given to the creation of hidden values that assure satisfaction.

Take the matter of selection of materials. The switch uses steel in several types and

forms, brass, phosphor bronze, silver, canvas base bakelite, a felt washer to exclude dust, a plastic, and if you include the fuse, lead and glass. All told, there are some 20 main parts. Of these, four are made of Revere phosphor bronze, used for contacts, contactor, and rivets, these being the parts in which the special qualities of phosphor bronze are essential.

The fact that the use of Revere phosphor bronze is confined to four small parts illustrates a basic Revere policy, which is that we recommend Revere Metals only for the purposes for which

they are better suited. If we were asked if we would recommend brass for the bracket and case, we would say that the steel being used is perfectly suitable, should last as long as the car, and has a minimum cost.

We like to sell Revere Metals, but not to our customers' disadvantage. Our Technical Advisors are in constant consultation with manufacturers and do not hesitate to suggest whatever material will enhance performance or save money. Recently, for example, one of these engineers found a customer using a phosphor bronze for a cover plate, and remarked

> that a certain nickel silver would serve as well and cost somewhat less, since it would have adequate springiness, strength, and corrosion resistance in that application. On the other hand, substitution of phosphor bronze for

nickel silver has been recommended from time to time. It all depends upon the needs of the specific application.

This attitude of Revere's is by no means unique; it is to be found throughout American industry. The one essential to make it resultful is that the supplier be taken as far as possible into the manufacturer's confidence, because only then can the supplier's knowledge be made available. Every company is entitled to use the brains as well as the products of the firms from which it buys. Are you employing both?



REVERE COPPER AND BRASS INCORPORATED Founded by Poul Revere in 1801

* * *

Executive Offices:
230 Park Avenue, New York 17, N. Y.

beneficiary: Noble and Greenough School, Dedham, Mass.

Rupert C. Thompson Trust—Founded in 1944 with check for \$100 (this has yet to be deposited with any bank or cashed but is still an asset of the trust). Sole beneficiary apparently is Rhode Island School of Design, but the trust hasn't been active for some time.

• Omission, Commission—Not one of these trusts, the committee says, has ever paid any income taxes. Few, if any, have ever had their books audited, or made an accounting to beneficiaries. Apparently at least, three, the Selbon, Thompson, and MIT trusts, have never made any payments to their beneficiaries, either. And the Charities and Rayon trusts have handed over relatively small amounts so far.

Providence Community Chest has received from the Charities trust only \$85,000–\$10,000 in 1945, \$25,000 in 1946, \$50,000 in 1947. In the same period its three trustees each got \$15,000 a year, or a total of \$135,000; a bank got a \$7,500 fee for handling its security holdings. From the Rayon Foundation the School of Design has had only \$75,000.

• Extraordinary Provisions-According to the committee, the indentures by which these trusts were created "contain amazing provisions far beyond the true conception of such foundations." Generally speaking, the boards of trustees (none of which now include Little) are not required to have their books audited, or furnish reports to beneficiaries. Neither do they have to invest in so-called "legal" securities. In fact, on the contrary, they are specifically authorized to: promote "organization and expansion of business enterprises: underwrite securities; buy property of a kind "not considered suitable for a trustee to hold;" sell stock short or buy securities on margin; and trade in "options, puts and calls."

Further, trustees are empowered to hold property of the trusts in the names of others without "any indication that such property is held in trust." to loan funds to themselves as individuals, and to endorse the note of any company "in any way convenient for carrying out any transaction... of the trustee."

• Family Cooperation—All the trusts have been set up as separate entities. But the Tobey report says that they had dealings with each other, and with a Little family trust. Here's a sampling:

When the Charities trust was still new, and lean-pursed, it was able to buy various securities from a Little family trust. In this deal, no cash passed hands, only unsecured promissory notes. There have been several such interfamily deals since

The day the Thompson trust was organized, though its only assets consisted of the undeposited \$100 check, it bought \$769,000 of securities from the Charities trust. It accomplished this by passing over to Charities an unsecured note. And when its turn came, the Thompson trust proved just as generous.

When the Rayon Foundation was formed, the Thompson trust passed on to it the very same securities it had bought from the Charities trust. At that time Rayon had only \$100 of assets; in return for the securities, it gave Thompson an unsecured promissory note signed by Rayon's trustee.

• Labyrinth—But the "maze of negotiations, investments, loans, and leases between these trusts and Textron" comprise an even "more fantastic picture of fiscal manipulations," Tobey's report says. Most of these, plus many of the prices and rentals involved, were made at Little's suggestion, the committee charges.

• Lonsdale Case—Take for instance, the deal the committee describes as "The

Lonsdale Shuffle."

This started back in 1944, when Little was busy building Textron into an integrated textile company. Little was most anxious to buy for Textron two Rhode Island companies—Manville-Jenckes Co. and Lousdale Co. He got Manville-Jenckes, but Textron had to borrow \$4.5-million from Boston's First National Bank to buy it. That stretched Textron's credit severely. To take on Lonsdale, too, was more than it could handle on its own.

• Down the Line—Little found a way to "keep Lonsdale on ice" until Textron could step in. At that time he was trustee of the Charities trust. As such, he borrowed \$4.5-million (also from Boston's First National), gave this and \$2.5-million of the trust's notes to Lonsdale stockholders: Charities trust ended

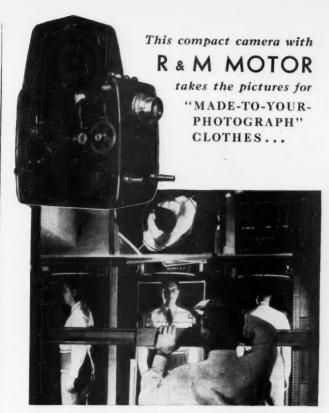
up with the property.

But the trust didn't stay sole owner long. Little, as Charities trustee, promptly sold Lonsdale's mill properties to his newly organized Rayon Foundation and the Lansing Foundation, another trust. Charities, of course, was Lonsdale's controlling stockholder. Again as Charities trustee, Little then had Lonsdale declare a \$4.6-million dividend—which went to the Charities trust. With the dividend proceeds, Little's trust immediately paid off its bank loan.

• Dividends—Other Lonsdale dividends soon followed, according to the committee. By October, 1945, the Charities trust had managed to collect from the company some \$5.8-million of dividend-income on its holdings of that com-

pany's shares.

Meanwhile, Little had Lonsdale lease back its mill properties from Lansing and Rayon Foundations. This lease called for rentals based upon a percentage of the company's sales, as well as the pay-



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ment by Lonsdale of all taxes, insurance, repairs, and the like. In the lease's first year, it cost Lonsdale about \$625,000 in rent alone.

Late in 1945 new trustees started to command operations of the Charities trust; they quickly decided to sell their entire holdings in Lonsdale to Textron, Inc., for \$1,654,000. Thus, within less than a year they collected close to \$7.5million on their purchase of Lonsdale's capital stock, which cost the trust only 7-million.

Textron's purchase also turned out to be a master stroke. In 1946 Lonsdale's profits came to \$1.9-million, in 1947 to \$1.5-million. So in just a little over two years the company earned for Textron twice the amount paid for its shares.

· Reasons-Why did Charities sell its Lonsdale holdings on such terms? According to the new trustees, the main reasons were: (1) Lonsdale was in "a relatively weak financial position" (as well it might have been in view of the heavy dividends it had just paid); and (2) there was "considerable uncertainty regarding postwar earnings of the textile

But just before the Lonsdale shares were sold, the Charities trustees had invested some \$5.9-million in the shares of another textile company-one for which Little had laid the groundwork before he resigned as the Charities trust head. Also, before he left, Little as trustee had sold to Textron, of which he was president, an option on the Lonsdale stock. Option price: \$100,000.

• Rayon's Part-The Rayon Foundation continued to hold the Lonsdale mill

properties it had bought until October, 1946. During this period, the foundation took in a total of over \$800,000 in rentals, or two-thirds of the entire original purchase price. But even though it was getting a liberal return on this investment, it sold the properties to the Sixty Trust for \$865,000; this was \$350,000 less than their original cost. Then the lease terms were renegotiated. And at last account Textron was paving a flat rental of about \$102,000 a year for use of mills which Lonsdale had originally rented for a minimum \$620.-000 or so.

• Expansion via Trusts?-The Textron trusts were a special boon during 1945-46, when Textron's rapid expansion was straining the company's credit to the limit. During that period, the commit-tee reports, the Charities, MIT, and Rayon trusts at one time had as much as \$4-million, or virtually two-thirds of all their assets, invested in Textron securities or assets. The Tobey group believes that Textron would not have been able to push its expansion program to a finish if it hadn't used the funds at the disposal of the trusts.

In 1946 the trusts together purchased \$3-million worth, or three-quarters, of a new stock offering of one of Textron subsidiaries. And later they exchanged most of these shares on terms that were favorable to Textron.

In 1945, too, the Charities and Rayon trusts together bought a third, or \$1.5-million worth, of an issue of Textron debentures.

• Tax Exemption-There is no doubt but that the tax-exemption which all



Tucker Records Arrive-in a Tucker

Like a funeral procession of Cyclopes, 8 handbuilt Tucker autos drove up to the Federal building in Chicago last week. They were carrying Preston Tucker and his company's records to what may well be the last rites for Tucker Corp., a grand jury investigation of the company's tangled web

The grand jury's job will be to see whether Tucker has violated the Securities Exchange Act, the Bankruptev Act, or the postal laws. Actually Tucker no longer has control of the company. Tucker Corp.'s board of directors was recently reorganized for the purpose of giving dealers and distributors more power.

the Textron trusts have enjoyed was a big help in filling what the committee calls these reservoirs of Textron risk-capital. The trustee of the Rayon Foundation admitted this during last fall's hearings. He agreed that through use of the trust device he then had available several hundred thousand dollars more than he would have had if the trusts had to pay income taxes on the same basis as other lending agencies. The report states that Little, too, frankly admitted "that abuses have existed," "that remedial legislation is needed."

The charitable-trust device to avoid taxes is nothing new. But with the Textron samples as Exhibit A on Capitol Hill, Congress may at last do more

than just talk about it.

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• Tobey Recommends—In his report, Sen. Tobey suggests that Section 162 of the Internal Revenue Code, be amended to read: "No trust shall receive [exemption] benefits ... unless during the taxable year it has actually paid to its beneficiary 85% of its gross income in

such taxable year."

This proposal has met criticism on

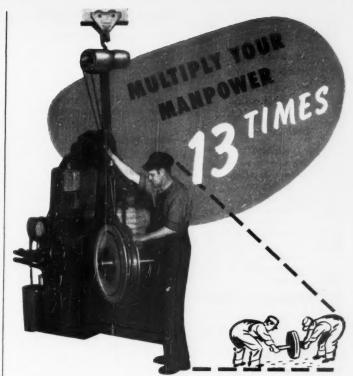
the ground that it's an attack on a great many trust instruments (not necessarily charitable) now in force. Many of these may call for using only part of the income for charitable purposes, with the rest going to accumulation; now the charitable part is exempt from the income tax. Under Tobey's plan even the charitable-contribution part would lose its tax-exemption-unless the charitable part used 85% of all the income. · Kean Recommends-A bill introduced last week by Rep. Robert W. Kean (R., N. J.) may get around such objections. To accomplish Tobey's purpose, it would amend Section 101 (6) of the present code. (This section refers to exemptions for charitable, religious, or educational institutions, generally; Section 162 is narrower in scope, dealing with charitable trusts specifically.)

Kean's bill would amend the code to read: "Exemption . . . shall be denied to any educational trust or foundation (1) unless it distributes or expends (exclusively for [proper] purpose . . .) 75% or more of its income" or (2) unless it gets permission to spend less from the Commissioner of Internal Revenue.

• Personal Matter—Some authorities would like to see the bureau have the right to go behind the legal facade of a trust to find out its real purpose. And they would regard the income not spent for charity—even though earmarked for it—as the personal income of the person really operating the trust, and thus subject to personal income taxes.

In other words, in the Textron case, they argue: Little loaned his credit to the trusts, but the income was really his—even though he donated it to the trusts. So he would get slapped at full

personal tax rates.



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FINANCE BRIEFS

Long Island R.R. went into bankruptcy this week, the day after it was granted a \$3\frac{1}{2}\text{-million increase in commuters fares. It says it has \$55\text{-million in debts, including \$40\text{-million in maturing bonds.} The Pennsylvania R.R. guarantees the bonds, plus \$9.5\text{-million of equipment trust certificates.}

Hilton Hotels says the negotiations for the sale of Manhattan's \$8-million Plaza Hotel to "New York interests" have fallen through.

Net income tax of 4% on all Michigandomiciled businesses is being considered by Michigan's legislators. Bill is backed by Gov. G. Mennen Williams.

Packard will soon pay 25¢ dividend on its 15-million shares of outstanding stock. That's Packard's largest dividend payment in almost 20 years. Bell subsidiaries, like Mother Bell (BW-Fcb.26'49,p106), have big financing plans in mind. Michigan Bell has just asked the state public service commission to let it issue \$100-million of new common stock; New England Tel. & Tel. is expected to sell publicly \$35-million of 25-year refunding bonds in the near future.

Tiffany's, the famed New York City jeweler, will soon ask stockholders to approve a 16-for-1 stock split. Present stock was recently quoted \$600 bid, \$700 asked over the counter. Dividends in 1948 were \$35 a share; net profits, \$35.47 (or \$364,000).

Carloading figures can no longer be considered strictly comparable with those of recent years. Reason: The maximum-loading order was rescinded Feb. 14. This forbade movement of partly loaded cars because of the freight car shortage. Now the number of cars loaded will be increased, and the amount of freight per car will be cut.

New-Capital Costs vs. Today's High Earnings

Earnings have paid for a good share of the vast postwar expansion and modernization. But they haven't done it all.

Far from it, in many cases. Earnings, as a source of new capital, just aren't big enough to do the job. For these days, as never before, it takes money to make money. Costs—both operating and construction—have shot from one high to another.

And so a tremendous amount of new capital—permanent, temporary, or both—has had to come from the sale of new securities or bank loans.

The table below tells the story at a glance. It shows the sharp rise in recent years of the outstanding bank loans, funded debt, and/or capital stock of a selected group of 25 large- and medium-sized corporations.

(In Thousands of Dollars)

	Funde	d Dept					
		nd Payable	Capital	Stock		nded Debt,	
	1944	1948	1944	1948	1944	1948	% Gain
Armour & Co	\$108,200	\$191,382	\$77,000	\$70,329	\$185,200	\$261,710	41.3%
Caterpillar Tractor	None	41,000	23,145	23,145	23,145	64,145	177.1
Celotex Corp	2,879	7,161	3,893	6,043	6,772	13,204	95.3
Cluett, Peabody & Co	2,625	13,500	7,803	17,993	10,428	31,493	202.0
Distiller CorpSeagrams		101,716	32,755	17,539	67,755	119,255	93.1
Elv & Walker Dry Goods.	949	16,112	11,434	11,455	12,383	27,567	122.6
General Cigar	3,500	9,500	10,298	10,298	13,798	19,798	43.5
General Shoe Corp	2,200	7,472	1,124	5,921	3,324	13,393	302.9
Lehn & Fink Products	None	2,380	2,000	2,000	2,000	4,380	119.0
Liggett & Myers	68,387	206,387	99,297	99,298	167,684	305,685	82.3
Liquid Carbonic Co	None	10,000	13,892	19,702	13,892	29,702	113.8
Loew's, Inc	28,210	60,875	44,609	45,773	72,819	106,648	46.5
R. H. Macy	18,975	30,000	24,840	42,350	43,815	72,350	65.1
Masonite Corp	None	6,000	6,840	9,000	6,840	15,000	119.3
Mathieson Chemical Corp.	None	12,600	17,842	17,930	17,842	30,530	71.1
Nash-Kelvinator	15,000	30,000	21,456	21,706	36,456	51,706	41.8
Noma Electric	88	4,158	225	543	313	4,7011	,401.9
Owens-Illinois Glass	None	40,000	33,265	38,211	33,265	78,211	135.1
Reynolds Spring	None	1,704	284	295	284	1,999	603.9
R. J. Reynolds Tobacco	77,500	227,000	100,000	175,000	177,500	402,000	126.5
Sutherland Paper	None	3,500	2,870	3,440	2,870	6,940	141.8
Swift & Co	21,250	92,725	150,000	150,000	171,250	242,725	41.8
Union Carbide & Carbon	21,000	150,000	192,880	194,698	213,880	344,698	61.2
U. S. Rubber	30,000	98,000	82,720	82,720	112,700	180,720	60.4
Western Auto Supply	5,725	15,000	7,514	7,514	13,239	22,514	70.1

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Now, more than ever, The Home is a "grass roots" company. Ten fire-marine insurance companies which were previous affiliates, last year were merged into The Home. The balance sheet shown is the first complete one issued by the enlarged Home organization. This is rightly of interest to the public, because The Home is by far the leading insurance protector of American homes and the homes of American industry.



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Balance Sheet December 31, 1948

ADMITTED ASSETS

Cash in Office, Banks and Trust Companies						\$ 31,027,607.07
United States Government Bonds					٠	107,440,297.48
Other Bonds and Stocks						122,046,607.25
Investment in Associated Company						6.871,511.16
First Mortgage Loans						3,126.58
Real Estate						4,330,868.09
Agents' Balances, Less Than 90 Days Due .						10,811,751.20
Reinsurance Recoverable on Paid Losses .						706,975.90
Other Admitted Assets						2,006,693.37
Total Admitted Assets		_				\$285,245,438,10

LIABILITIES

Other															2,417,432.63
Reinsur															1,493,633.18
Reserve															9,000,000.00 2,888,128,21
Reserve	for	Losse			×	*								*	33,879,862.00
Reserve	for	Unea	rned	Pre	mi	um	9			 			*		\$141,729,267.00

Surplus as Regards Policyholders

NOTES: Bonds carried at \$8,113,05.33 Amortized Value and Cash 880,000,00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National American Assets and Liabilities in the control of the Salance Assets and Liabilities in Canada and Janaica, B.W.I. have been adjusted to the basis of the free rate of sexhange. Based on December 31, 1988 market quotations for all bonds and stocks owned. The control of the control of the policyholders' surplus to \$93,995,380,35.



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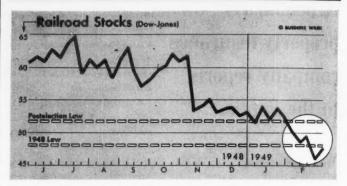
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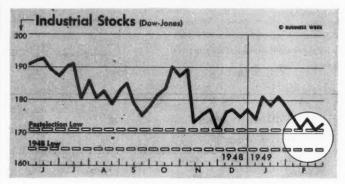


and steel due to rust.

THE MARKETS



(1) Penetrations of resistance levels by the rails . . .



(2) And partial confirmation by the industrials, indicate . .

A New Test for Stock Market

And it is developing right at a time when general business is going through a readjustment period.

Executives who are worrying about the possibility of a sharp business readjustment this spring get no comfort from Wall Street. The stock market obviously is worried, too. And its uncasiness has been growing in the past few weeks.

Security	Pric	ce A	vera	iges
		Week Ago		
Stocks	VF CCR	.190	.190	1190
Industrial	144.5	144.8	151.3	139.0
Railroad.	39.4	39.9	42.5	42.0
Utility	69.6	69.7	69.6	64.9
Bonds				
Industrial	97.0	97.0	96.8	94.7
Railroad.	85.5	85.9	87.6	82.1
Utility	95.3	95 1	94.0	96.0

Data: Stundard & Poor's Corp.

The market's reputation as a business forecaster isn't worth much these days. It has been consistently wrong for almost three years now. Nevertheless, a sharp drop in share prices would be a plain vote of no confidence in the business prospect. And that would shake the faith of a lot of businessmen, even if they had no money in equities.

• Trading Light—For the past month or so, the market hasn't shown enough life to put conviction into anything it says. Volume of trading has been light. And daily price movements usually have been small

But during this time, the market has worked itself into a weaker and weaker position. The rails drifted through their postelection low early in February (BW –Feb.19'49,p100). Now they have slid on down past the 1948 bottom (chart);

this week they were bumping along only 5 or 6 points above the bear-market low that they made in 1947.

The industrials also have been losing ground. Last week, the Dow-Jones average got down to 171.10. This was a fraction under the postelection low mark (171.20). The penetration was less than a full point, and so a literal-minded chart reader can ignore it if he wants to. But Wall Street considers it a bad sign just the same.

• How Solid a Floor?—This week, most traders were taking a gloomy view of

the near future. They think the industrial average will go down into the 163-165 area to test its bear market lows. And the prospect of this test makes them uneasy.

The 163-165 resistance area proved a solid floor for the market all through 1947 and 1948. But in those days business was knocking out new sales and earnings records month after month. This time, Wall Street nervously realizes, the test would come just when business is in the midst of a readjustment period.

5 TIMES greater inventory handled with MERCURY fork trucks



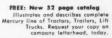
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Stockholders Still Get Small Share of Profits

A lot more dollars went into corporate dividend payments last year than in 1947 (BW-Feb.5'49, p83). But don't be fooled. Their expansion only about matched the gain chalked up by business profits (BW-Feb.5'49,p77). So it's doubtful that common stockholders actually received a much greater share of the earnings available for dividends in 1948 than in 1947.

Back in 1929, dividends accounted for some 69% of profits. And in 1939 stockholders were given a 75% bite, in 1940 a 63% share. Since then, however, their share of profits has dwindled sharply. Dividends absorbed less than 45% of corporate net in 1946, and this percentage figure dropped to less than 40% in 1947.

The reason for this trend: It takes much money these days to earn money (page 88). So most corporations have been virtually compelled to plow back into the business every possible cent of earnings.

The tabulation below compares the percentage of available earnings that a group of companies paid out in cash dividends to their common stockholders in 1946-48 with payments during the 1936-37 boom.

	1930	1937	1946	1947	1948	
Air Reduction	98.5%	104 7%	105 4%	48.2%	42 4%	
Bethlehem Steel	71 3	65.4	50.9	40.2	25 6	
Black & Decker		62.1	46.8	47 0	41.1	
Caterpillar Tractor	101 .3	91.6	92.4	56.7	41.0	
Chrysler Corp	84.2	85.8	48.5	37 3	39.0	
Cook Paint & Varnish	60.6	66.2	23.7	19.0	21.7	
Dwight Mfg	39.7	58.0	28.3	25.0	50.3	
Endicott Johnson	76.7	105.3	58.1	48.2	51.1	
Firestone Tire & Rubber	27.4	75.1	32.2	29.7	28.9	
Flintkote	85.7	100 0	44.3	23.9	51,2	
Hercules Powder	86.2	93 1	49.5	42.1	56.7	
Inland Steel	62 1	80 1	57.5	41.0	38.1	
International Harvester	47 1	63.4	76.7	49.7	42.9	
International Shoe	89 3	106.4	111.1	54.7	73.9	
Johns-Manville	73.1	81.9	54.2	42.0	38.3	
B. Kuppenheimer		93.4	34.4	19.8	29.5	
Liggett & Myers Tobacco	96.5	94.5	74.2	65.9	56.4	
Liquid Carbonic	50 7	74.9	67.7	41.6	32 2	
Lone Star Cement	67.3	88.6	71.7	63.6	56.1	
Mathieson Alkali	85.3	91.2	55.5	48.6	31.1	
Nash-Kelvinator		88.3	84.7	21.3	30.2	
National Steel	53.8	42.6	35.4	33.3	30.6	
Ohio Brass	76.1	90.0	76.5	51.0	43.1	
Purity Bakeries.	112 4	100 0	72.1	62.7	51.8	
R. J. Reynolds Tobacco	102 4	101 2	70.6	65.8	61.3	
Servel, Inc.	45 .7	61.8	44.5	25.0	33.3	
Sharon Steel	34.5	42.4	29 6	18 4	16.7	
Standard Forgings	111.1	69.4	64.6	46.3	28.9	
Sun Oil	48 8	38 2	26.3	18.6	10.6	
Sutherland Paper	70.9	64.3	34.9	36.3	41.5	
Swift & Co	63.0	101.8	68.6	55.7	55.0	
Union Carbide & Carbon	62.8	66.5	49.1	47.0	51.5	
W. Va. Pulp & Paper	37.0	32.7	48.7	26.3	35.3	
Wheeling Steel			24.0	13.2	9.7	
Youngstown Sheet & Tube		47.9	35.3	30.1	23.5	



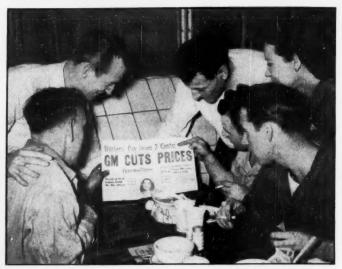
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U.A.W. Aims at Ford

Union gains there will put pressure on General Motors to reopen its contract. What finally happens will be determined by the pattern of competition in the industry.

This year's key battle on the Detroit labor front will be at Ford Motor Co. The 1949 trend will begin to crystallize when Ford starts its talks with the C.I.O. United Auto Workers in the middle of May.

• G.M. on Sidelines—General Motors Corp. is officially on the sidelines this year. Its two-year contract with the U.A.W. (BW—May29'48,p96) is locked up tight until May, 1950; G. M. doesn't have to reopen unless it sees a reason for doing so.

Whether or not G. M. reopens depends entirely on competitive factors in the automotive industry. But the fact that there's a chance it might do so vastly complicates the Ford-U.A.W. talks. If only they were certain that G. M. would stay put, both parties could simplify their bargaining positions.

• Why Ford?—The U.A.W. has two good reasons for making a showdown this year over Ford.

(1) The Ford contract will be the first major one to come up in the auto industry.

(2) The U.A.W. couldn't pick a better place to force an issue over pensions—and pensions are No. 1 on the union's

bargaining agenda this year (BW-Jan. 15'49,p88).

• Vulnerable—Ford is vulnerable to a determined campaign for pensions. The average age of its employees is the highest among the auto industry's Big Three. At Ford, the union's demands on pensions will get the strongest backing from the workers.

Ford, of course, offered a pension program last year only to be turned down by the employees (BW-Feb.5'49,p89). Two combined pressures helped to bring this about: (1) factional politics in the auto union; (2) the then-rising cost of living. The workers took an hourly wage hike instead.

• Ticklish Position—The union's excuse for rejecting the pension plan was that the company would not pay enough of the bill. This year, U.A.W. will ask Ford to pay a larger share. But it might be willing to settle on almost any terms—in order to push G. M. into reopening. If it could do that, the union administration could answer factional criticism of its G. M. cost-of-living contract, which is now on the descending side of the scale.

Ford fully realizes how ticklish its position is. Here's the dilemma it faces:

If it refuses to make concessions it might goad the auto union into a strike that would cut down Ford's share of the market. That is a real possibility, for U.A.W. is badly in need of a victory in this year of scanty raises.

If it grants concessions, Ford takes the big chance that G. M. may not follow suit. In that case, Ford will be behind a competitive eight ball.

In the auto industry, labor costs in production are carefully calculated in split pennies. So every penny Ford gives puts it at a competitive disadvantage. This has particular significance for Ford now that G. M. has cut its car prices \$10 to \$40 a model (page 19); this followed the decline in G. M. wage rates under the sliding cost-of-living agreement with the U.A.W.

• Other Side—There is, however, a reverse side to the coin. If Ford wages push ahead of G.M., there's bound to be dissatisfaction among G.M. workers. And that will generate pressure on G.M. to reopen its contract. This would be true, particularly, if Chrysler Corp. followed Ford's lead. The upshot could very well be reduced efficiency at General Motors. That, in turn, would dissipate the competitive advantage G.M. tried to wrest by cutting its prices.

BONUS DELAYS PAY DEMAND

A. E. Staley Manufacturing Co., in Decatur, Ill., has gained a temporary settlement of union wage demands in a unique way: It will pay a flat \$50 to each of its A.F.L. employees—and in return the union will put off fourth-round pay demands until after June 1. By then, the company hopes, industry's economic and price situation will be clearer.

Staley's 1,900 production and maintenance employees are members of the United Automobile Workers (A.F.L.). They asked for a 20¢ hourly pay increase six weeks ago, under a wage reopening clause. Staley turned down the union demand. Company negotiators contend that a wage boost given at this time might place Staley in an unfavorable competitive situation.

Last week, the U.A.W. (A.F.L.) workers voted to strike unless they got a substantial raise. The walkout of these workers would have meant a shutdown of the entire plant, which employs more than 3,000 persons.

Conciliators got busy, and finally came up with a "wait and see" payment plan-designed to give workers the equivalent of a compromise 9½ hourly increase (until June 1) without upping Staley's contractual wage rates. After the three-month bargaining delay, negotiations will be resumed "in the light of what the facts are then," under the terms of the temporary settlement.



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Advising on Vets

With many companies now laying off workers, they are asking: What are veterans' rights after a year on the job?

It has been years since most employers have had to prune their work forces. Right after the war there was a flurry of reconversion layoffs, but that was all.

Now, quite a few employers are laving off workers. And they have run head on into a question that most thought safely settled a long time ago: Exactly what seniority rights does a veteran hold under World War II's Selective Service Act?

So far, conflicting job claims of veterans and nonveterans have stirred up no serious trouble. But management is worried about what's ahead. You can see that in the sharp jump in the number of inquiries the Bureau of Veterans' Reemployment Rights has been getting. Most ask for the latest word on the job rights of veterans under the law

• One Year Only?-The big question seems to be this: Does seniority protection for the veteran lapse after his first year of reemployment? That period has run out for most veterans. Conceivably, if a fight for jobs does develop, nonveterans may challenge the right of reemployed veterans to hold onto coveted jobs. The law is hazy on whether or not there is a legal basis for such a challenge.

In the Sullivan Drydock & Repair Corp. case, the Supreme Court decided that a veteran does not have "superseniority"-he is entitled merely to the protection he would have if he hadn't gone into the service.

Later, in the Trailmobile case, the court made the point more specific. It said that a returned veteran can't upset a union contract where he and fellow employees were put at the bottom of a seniority list when their plant was merged with another.

Generally, these decisions have guided all veterans' reemployment policies. Management and unions have agreed with the courts that a veteran must not suffer by reason of war service, nor must he benefit from it. He is entitled only to get back on the seniority escalator at the place he would have been if he hadn't left.

• No Decision-But, so far, the question of how long the veteran's employment guarantee is supposed to last hasn't been answered. The law says that the veteran may not be discharged, without cause, for a year after his return. Does that mean he loses all protection after



ANSWER MAN: R. K. Salvers, chief of Bureau of Veteran's Reemployment Rights

a year? Can a veteran be moved down on the seniority list after a year, by taking away from his employmentservice record the time he spent in war service?

So far, there's nothing to indicate that any employer or union is interested in taking away veterans' service credits. But grumbling was heard recently in some railroad shops when veterans kept jobs and nonveterans were furloughed.

Robert K. Salvers (picture, above), director of the Bureau of Veterans' Reemployment Rights, sides with veterans. He supports his position with two district court decisions (Ganniello v. Atlantic Refining Co., and Bryant v. Brotherhood of Railroad Trainmen). Both held that the law did not contemplate that an employer or union could take away service-semority credits after the year was up.

· Union Agents-There's another question involved in some layoffs. It stems from the furloughing of veterans while nonveteran union agents, with less seniority, are kept on the payroll. The Supreme Court has such an issue before it this week.

The case involves Lockheed Aircraft. During the war, the company signed a contract with the International Assn. of Machinists, giving top seniority to shop stewards, committeemen, and other union representatives. Such a superseniority clause isn't unusual in labor agreements; many unions tried to get it in contracts during the closing days of the war, when lavoffs were feared.

When some Lockheed veterans were laid off, while union agents kept their jobs, the veterans brought suit against the union. They contended that a union contract, made in their absence, couldn't weaken their job rights.

federal district court decided for the veterans; the Ninth U. S. Circuit Court of Appeals concurred. The Supreme Court agreed to review the decision on appeal by I.A.M.

• Bureau's Work—The Bureau of Vetcians' Reemployment Rights has been in the Labor Dept. since 1947, when the old Selective Service Act died.

As federal agencies go, the bureau is a small one. Its 90 people were cut to 44 early last year, as a step toward liquidating it. Shortly afterward, Congress passed the new draft law and decided to keep the bureau alive. It still has only 44 employees, including personnel in 17 field and area offices.

Bulk of its work is done through 2,900 volunteer committeemen.

BVRR is thankful for one thing: The new draft law has reemployment rights similar to those in the old Selective Service Act. Thus, decisions made about vacations, holidays, seniority, severance pay, and welfare fund rights under the old law will hold under the new.

Truckers Roll Own Welfare Program

Health and welfare programs, footed by employers, are a real union goal this year. But one large independent union has ignored the trend and stuck to straight wage demands. It has wound up with more pay for its 6,300 members. Yet it got a health and welfare plan, too—one all its own.

• Compulsory—The union is the powerful Local 705 of the independent Chicago Truck Drivers. After threatening to strike, it won a 25¢ hourly pay hike. The union then announced that members would set aside 5¢ per hour of the raise to finance a health and welfare program. Participation will be compulsory. Employers will check off the money for the union.

The plan will cost about \$2 a week per member, provides:

Death benefits of \$1,000 after one year of coverage, \$5,000 after three years.

Medical and surgical fees, for members, wives, and unmarried members of the family under 18.

Medical care, including S8 a day for hospital and nursing fees, for up to 42 days; up to \$200 for other hospital services, drugs, and medication; and \$10 for ambulance service.

Disability benefits, for members, amounting to \$30 a week (or 45% of total weekly earnings, whichever is greater) for up to 14 weeks.

Edward Fenner, union executive director, said the fund will be able to provide pensions to drivers at age 62, beginning Jan. 1, 1952.

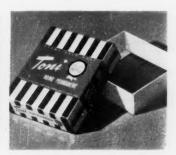
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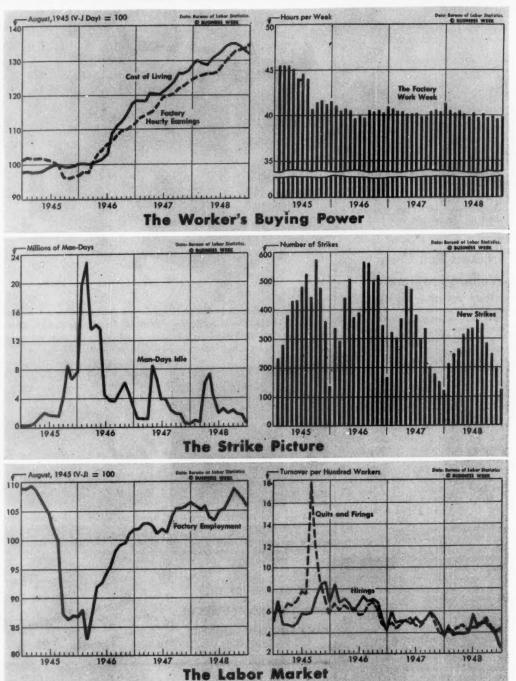
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A Quick Appraisal of the Labor Market's



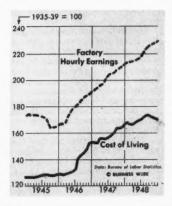
Balance Sheet

Wages outdistance living costs at year's end, but drop in factory employment makes prospects disquieting.

The most dramatic labor market development of 1948's fourth quarter was the decline of the cost of living. Meanwhile, hourly carnings of factory employees continued their rise, and the average work week continued even—at a shade below 40 hours. So, for the first time since the end of the war–except for a few months in 1946—the average worker's buying power was increasing.

• Strike Pattern—With all statistics in for the year, the strike pattern showed its normal seasonal profile. While 1948's peak of strikes did not reach the level of 1947, its last quarter's lows were above the preceding year's. Nevertheless, the first full "Taft-Hartley Year" showed a decline both in man-days lost because of strikes and in the number of new strikes which were initiated. The totals: 1947, 34.6 million man-days lost and 3,693 strikes: 1948, 34.0 million man-days lost and 3,300 strikes.

• Employment—Of all the series, lastquarter developments in factory employment were the most disquieting. The statistics bear out fears that unemployment may shortly be a national problem. New hirings were down sharply; and lay-offs in manufacturing made a postwar record in December. The magnitude of the spurt in firings is revealed in Dept. of Labor figures which show that in November industry laid off 14 employees for every 1,000 on its payroll; in December, it laid off 22 per 1,000.



Relationship of wages and the cost of living on the prewar base



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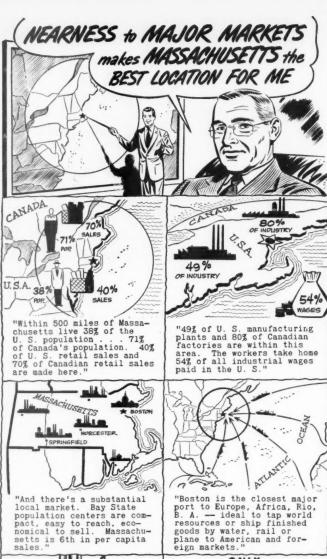
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Fringe Trouble

A fringe concession made during the war blocks settlement of a strike of machinists at Warner & Swasev.

One souvenir industry picked up in the war is a long list of "fringe benefits" in labor contracts. Back when wages were frozen, fringe concessions often looked like the only practical way a firm could protect itself from having its labor force pirated. Now, however, these extra benefits often put a burdensome load

on payrolls.

This week one such fringe concession was still, after two months, the chief roadblock preventing settlement of a strike against Warner & Swasey Co. in Cleveland. The issue was increment pay, which the 1,800 members of Local No. 1,253 of the International Assn. of Machinists are determined to maintain. · Started With Wages-It was not the chief issue when talks began in October of last year. Under present contract provisions, the union reopened negotiations then on wage demands. It asked an across-the-board increase of 194. This the company flatly refused; it had granted a 10¢ increase the previous March. Warner & Swasev countered with an offer of a general wage increase of 5e. This the union refused.

Management then made a second offer: increases of from 5¢ to 15¢ on a sliding scale, with younger employees

getting the most.

· Increment Pay-But the offer was contingent on elimination of the increment pay which had been established during the war. This provides a 5% increase on base pay for every five years of seniority up to 20 years. Warner & Swasey would keep on with increment pay for those already receiving it. But it didn't want to hand out any more of these increases in the future.

The union turned this proposal down. But it modified its own pay demand to

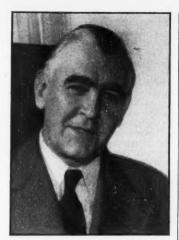
a 10¢ general increase.

• Other Fringe Concessions-In subsequent negotiations the company let it be known that it was giving serious thought to abolishing other fringe concessions, including paid lunch periods and nightshift differentials. It also put the finger on the present method of job evalua-

Despite the repeated efforts of federal conciliators to find a common meeting ground, there is small likelihood of any real progress until after Apr. 1. That's the day the present contract expires; Warner & Swasey says it won't renew. By demanding a new contract, the company has opened the way to eliminate the wartime fringe concessions.

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MACHINISTS' CHIEF Albert J. Hayes

New Chief May Lead I.A.M. Back Into A.F.L.

Albert J. Haves may be the man to take the International Assn. of Machinists back into the A.F.L.-and put the federation's membership past 8-million by the end of the year. Next July, Hayes will take over the presidency of I.A.M. from Harvey W. Brown.

• Negotiations On-A.F.L. and I.A.M. committees have talked about reaffilia-tion for a year. The issue came up at the recent A.F.L. executive council meeting in Miami-but no decision was reached. A jurisdictional dispute between the machinists and A.F.L.'s carpenters again blocked agreement.

Although Brown has often urged reaffiliation with A.F.L., he has stood firm against a compromise on I.A.M. job claims. Hayes, too, wants to keep jurisdiction over as many jobs as possible-but he is considered a more willing bargainer.

• Sole Candidate-Haves' name will be the only one on the election ballots that go to 651,000 union members in April. Brown couldn't run again, since I.A.M. rules force officers to retire, on pension, after they reach 65.

Haves, who is 49, is now resident vicepresident of I.A.M. at Grand Lodge headquarters in Washington. A native of Milwaukee, he started as apprentice machinist in railroad shops at 10¢ per hour. He joined LA.M. when he was 17 years old, and for the next 17 years worked as a union machinist.

Haves was president of I.A.M.'s District 7, which covers the Chicago & Northwestern Railroad system; in 1934 he became Grand Lodge representative. He was elected an LA.M. vice-president

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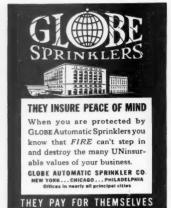
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REAL ESTATE SECTION of BUSINESS WEEK

Secondary Boycott

That—not free speech—was uppermost in Congress' mind when it wrote Taft-Hartley, says NLRB.

When Congress passed the Taft-Hartley law in June, 1947, was it more interested in:

(1) Putting an end to the secondary

(2) Safeguarding "free speech" when it isn't coercive?

· Point One-The National Labor Relations Board faced this question last week and decided in favor of point one. The case involved an unfair labor practice charge against A.F.L.'s Carpenters Union. The problem arose out of an apparent conflict in the law. T-H says it's illegal to "induce or encourage" employees to withhold labor from one employer in order to bring pressure against another (a secondary boycott). But it also says that there's nothing unfair "under any provisions of the act" about expressing "views, arguments, or opinion" in a labor dispute as long as they aren't coercive. This has been interpreted in the past as protection for peaceful picketing and union "do not patronize" lists.

In the current case, the dispute was between A.F.L.'s carpenters and Klassen & Hodgson, Inc., a Kansas City building contractor. In October, 1947, the union had listed a nonunion employer, Wadsworth Building Co., as "unfair." It asked Klassen & Hodgson to stop putting up Wadsworth prefabricated houses. The contractor refused. A.F.L. carpenters quit work, and posted pickets. Suppliers couldn't make deliveries; work was interrupted.

• Unfair Practice—An unfair labor practice charge was brought against the union. Under T-H, an injunction can be sought by NLRB's general counsel to bar an alleged unfair labor practice until NLRB can get around to ruling on it. So an injunction was obtained against the union in January, 1948; in November, 1948, it was upheld by the 10th Circuit Court of Appeals.

Last week, NLRB finally got around to deciding (3-2) that the secondary beycott really was an unfair labor practice. It decided that the "free speech" section of T-H shouldn't apply in the case—it would "immunize... conduct" that furthered an illegal secondary boycott.

• Deliberate Intent—The board majority said that Congress evidently decided in 1947 to deal "a death blow" to the secondary boycott. Also, since picketing and use of the unfair list "have been such traditional methods of implement-

ing secondary boycotts [it is] impossible to believe that Congress was not deliberately aiming its shafts at these practices."

The board majority suggested that if there's any criticism, it should be directed against Congress—not the board. And criticism was quick to come. Labor leaders used the new NLRB decision as new evidence that T-H should go. "Under this decision," said C.I.O., "workers in the building trades are forced to serve an unfair employer even when it means the destruction of their own standards achieved only after years of bitter struggle."

• Thomas Bill—Unions also used the decision to support the Administration's Thomas bill, as it stands. Under it, the acts committed by the Kansas City carpenters wouldn't be an unfair labor practice. The Thomas bill would bar secondary boycotts only in cases where they are intended to further a jurisdictional dispute between two or more unions. No injunctions would be permitted,

LABOR BRIEFS

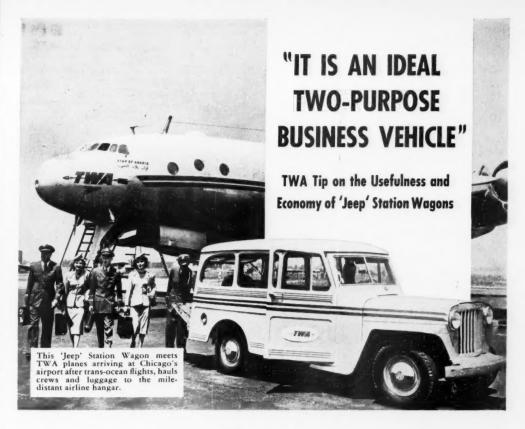
Conveyor-belt system to move coal and ore to the Great Lakes (BW-Feb.12 '49,p45) won't get the needed power of eminent domain if the rail unions can help it. They see it as a threat, are lobbying against it in the Ohio legislature.

Telephone industry faces an organizing duel. C.I.O. won out in taking over the independent Communications Workers of America (BW-Feb.19'49,p108). Now the loser. A.F.L.'s electrical union, will try to grab off bits of C.W.A. in the switchover, sign up unorganized phone workers nationally.

Gerard Reilly, former NLRB member, is now registered as a Washington lobbyist with the Printing Industry of America and G.E. as clients.

Misunderstood order has cost Dairymen's League Cooperative Assn. back pay for a fired worker. Supervisor politely prefaced an order with "Would vou like to . . ." Employee thought he had a preference, said no, was discharged later. Arbitrator said the order wasn't clear and reinstated the worker.

The Pictures—Acmc=25 (top), 78; Brit. Info. Service=111; Harris & Ewing=25; Int. News=80; Kevstonc=105; Simon Nathan=30, 32, 34, 36, 37; Wide World=19, 22 (2), 23, 86 (2), 92, 108.



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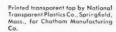
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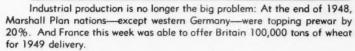
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INTERNATIONAL OUTLOOK

BUSINESS WEEK MARCH 5, 1949 The economic climate in western Europe has changed almost overnight.



What bothers the Organization for European Economic Cooperation is the marketing problem—where to sell exports. In fact OEEC sees the threat of overproduction actually looming up.



- (1) Frantic export drives, especially to dollar areas.
- (2) Opposition, to any U. S. efforts to "dump" American surpluses through ECA.
- (3) Less enthusiasm in OEEC for long-range production planning. (There's a chance that ECA's request for a four-year master plan will be quietly shelved.)
- (4) Bids for U. S. help, under Truman's world development program, to build up colonial territories.

The full story of British recovery isn't available yet. But the main facts are these:

Production last year was about 10% above 1947. Wages were up, but consumption stayed pat. So both home investment and exports went up.

Here's what this meant tradewise:

Britain cut down its world trade deficit in 1948 to about \$1-billion. It covered about \$400-million of this with invisible exports (receipts from shipping, income from foreign investments, etc). That left an over-all deficit of \$600-million.

If you take the second half of the year alone, invisible exports just about made up the trade deficit. In other words, by the end of 1948 Britain had closed the gap between income and outgo.

The catch in all this, of course, is that few British exports earned hard currencies. The net drain on London's gold and dollar reserves during the year was about \$1.7-billion.

Even in the second half, the dollar deficit was still at a rate of \$1.3-billion a year.

Industrial output in western Germany has exceeded Washington's fondest hopes. It stands today at 80% of 1936. That's a 90% jump over 1947.

Coal and steel are the big factors. Coal production consistently hits 330,000 metric tons a day. Steel has passed a monthly rate of 650,000 ingot tons.

About all that prevents further gains is the power bottleneck. To break it, Gen. Clay has called on three U. S. experts—J. W. Parker, Detroit Edison president; George Steinmetz, chief engineer of the Wisconsin Public Service Commission; and Alois Hoefle, Toledo Edison operating executive.

These men left this week for Berlin. After talking with Clay, they will spend two months in western Germany.

U. S. oil companies have the go-ahead to push the trans-Arabian pipeline through from the Persian Gulf to the Mediterranean. That's the mean-

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK MARCH 5, 1949 ing of Secretary of Commerce Sawyer's release of 25,000 tons of 30-in. steel pipe to Tapline.

It will still take 180,000 tons of pipe to finish the 1,040-mile project. But Tapline officials hope to get this without too much trouble.

When the pipeline is completed (the target is late 1950), it will be able to carry 500,000 bbl. a day.

British investments in Latin America have hit a new low.

They stood at about \$2.5-billion at the end of 1948—\$1.1-billion less than at the end of 1947.

Big reason for the drop was the sale of the British-owned Argentine railways. Sales of important British properties were made also in Uruguay and Brazil.

The largest British investments in Latin America now are in Brazil and Mexico. Argentina trails in third place.

South Africa is in hot water with its plan to sell gold in the Middle East at premium prices.

One result: The Union can't draw any more dollars from the International Monetary Fund. (Its 1949 rights were to be \$15-million.)

Finance Minister Havenga says the gold will be used only for industrial purposes. But the IMF isn't convinced. Fund officials fear that the gold will be used for hoarding and currency speculation.

Havenga may be in trouble with the U. S. Export-Import Bank, too. He wanted a loan from the bank to cover purchases of capital goods from the $U.\ S.$

The World Bank is loaning \$16-million to Belgium. The money will equip two steel plants and a power plant in the Liege area.

The loan has two Marshall Plan objectives: (1) cutting costs in a vital Belgian export industry—steel; (2) expanding production so that imports from dollar areas can be trimmed.

A third of the loan will go for a cold-rolling mill with tin plate facilities for a subsidiary of S. A. John Cockerill, Belgium's biggest steel producer. S. A. D'Ougree Marihaye, Belgium's No. 2 steel producer, will get a \$5.8-million blooming mill. Equipment will be bought in the U. S.

Most of the rest of the loan goes for a power station that will feed both steel mills

The new station will end a power deficit in the Liege area. It will also replace imports of high-cost current from France, the Netherlands, and western Germany.

Britain is stepping up its drive to increase exports to Canada. Right now they cover only 40% of Britain's purchases there.

Next week a delegation of British clothing manufacturers will arrive in Canada to study ways of sewing up more of the Canadian market. Machinery, textile, wool, and hosiery missions have been on the ground already.

This year the British want to fill two-thirds of Canada's apparel imports. In 1947, they supplied less than half.

The British figure that the door is open to them even if Canada lifts restrictions on U. S. goods. Delivery dates are getting earlier all the time. Pricewise, British clothing compares favorably with Canadian, if you discount duty (which averages 18%).

BUSINESS ABROAD



BRITISH TEETH are now the concern of the government. So are jobs in this . . .

World of Welfare States

There's hardly a nation today without a full-employment program. United Nations survey shows most have some form of public works, old-age pension, housing subsidy, health insurance.

Whether you like it or not, you do business in a world of welfare states. That's the conclusion you are forced to draw from a current United Nations report on unemployment.

report on unemployment.

• Questionnaire—The report is based on a questionnaire that U. N.'s Economic & Social Council sent out to 58 nations last year. The council wanted to know what its members were doing about the clause in the U. N. charter that commits all U. N. nations to promote "higher standards of living, full employment, and conditions of economic and social progress and development."

Only 22 nations had answered when the report was published a few days ago. But one thing emerges clearly: There's hardly a government today that doesn't pay at least lip service to its responsibility for promoting stable em-

ployment at a high level.

• Full-Employment Programs—Virtually all of the 22 governments (including the U.S.) said that they have a full-employment policy. Seven of them even have a clause to that effect in their constitutions. Only Switzerland said specifically that its economy is still "liberal"—meaning that it still adheres

to the classic 19th century policy of laissez-faire. Even so, there is a pending amendment to the constitution requiring the Swiss government to "enact provisions regarding means of full employment."

Of greatest interest are the replies from the U.S., Britain, Netherlands, Denmark, Sweden, Switzerland, Australia, and New Zealand—the ones whose economies are the most highly developed. Each of these assumes that it is wise to prepare tor a possible depression.

• The Brush-Off—Only two highly industrialized countries brushed the problem off. Russia airly dismissed it in a bare 40 words. The gist of its reply: "There is no unemployment in the U.S.S.R. conomic stability is ensured. Consequently, the problem with which . . . your letter is concerned does not arise." Czechoslovakia took a few more words to put in a similar plug for its system.

For the other industrialized countries, however, the questionnaire took on some immediate significance last week. In Geneva, the International Labor Office announced that unemployment figures in Europe rose significantly in

the closing months of 1948. True I.L.O. emphasized that the general level of employment the world over was still healthy. But at the end of the year 13.4% of the insured population of Belgium was out of work; unemployment in Denmark had risen from 4.2% to 11.6%. France, Italy, Poland, and western Germany all had more jobless.

• Paternalism—In the eight western nations with a highly developed economy, state paternalism is most advanced in Britain and Sweden. It is least advanced in Switzerland, the only nation to come out flat-footed against a "planned national economy."

The U.S. is somewhere in between. Quoting the Employment Act of 1946, the U.S. told the U.N.: "It is the continuing policy ... of the federal government ... to coordinate and utilize all its plans, functions, and resources, in a manner calculated to foster ... free competitive enterprise, for the purpose of creating ... conditions under which there will be afforded useful employment opportunities ... and to promote maximum employment, production, and purchasing power."

• Security Programs—Of the eight nations, all but Switzerland told the U.N. they had some "automatic stabilizers" in their day-to-day economic policy to ward off depressions. Specifically these were social security programs and price supports for farm produce.

Generally the social security pro-

grams included:

Unemployment insurance. Britain's National Insurance scheme is typical. Employer and employee contributions total some \$1.4-billion a year. Contributions are fixed so that when \$\frac{3}{2}\% of Britain's labor force is out of work, the government can take care of them. Today when unemployment in Britain is about \$1\frac{1}{2}\%\$, large surpluses are being built up.

Pensions for old age, disability, children's allowances, and the like. In Denmark these add up to about 15% of the state budget. The rate is about the same or higher in Britain, Sweden, and Australia. Britain's National Health Plan is probably the most ambitious social security measure in force in any western country today. This year it may cost the British taxpayer close to \$1-billion.

Housing subsidies. Sweden and Australia rely on housing subsidies as one depression offset. Australia has a novel housing law: Anybody making an average basic wage (\$25 a week) does not have to pay more than a fifth of that income in rent if he lives in government or state-built housing projects. These projects are growing at the rate of about 10,000 units a year now.

• Farm Supports—Seven of the nations (again excepting Switzerland) have farm price supports. In New Zealand,

for example, all major farm production—dairy produce, meat, and wool—is supported in some manner. Export prices are guaranteed through bilateral treaties (almost exclusively with Britain). The guaranteed domestic price now is a little lower than the export price on dairy goods and meat. The difference goes into a "stabilization fund" to be used if export prices should fall below the domestic cost of production.

Of all the countries reporting, however, the U.S. farm support program covered the widest range of goods.

• Emergency Spending—Next the U. N. questioners wanted to know what the various countries would do if a depression hit. Specifically, the U. N. wondered if there would be (1) more government spending on goods and services; (2) more benefits and subsidies to stimulate purchasing power; (3) adjustment of the balance of payments; (4) encouragement of private enterprise.

Of course, few governments that want to call themselves democratic, could afford to answer this question in full. Legislation will be required in every case. And it would be political poison for a democratic administration to try and commit a democratic legislature in

advance.

 Public Works—Nevertheless, it's plain that in most of the western world the first answer to the next depression will be deficit spending—on public works.

Almost every industrial country in the west has an elaborate public works back-log. The U.S. said it had blueprints for some 7,000 projects. The cost:

about \$2.4-billion.

In some of the countries public works projects mean increased investment in state-owned enterprises. Australia, Sweden, and the Netherlands said they would strike out in this direction. Britain ducked the question.

• Taxes—Come a depression, most of the countries felt that they would increase purchasing power by boosting social security benefits. Much less was said about doing the same thing by

lowering taxes.

Britain and the Netherlands thought that some adjustment of the tax structure might be a help. But generally the depression philosophy expressed was one

of increased spending.

• Foreign Trade—More important, no country—except perhaps Switzerland—thought private enterprise could pull a nation out of a depression. To offset a depression, the Swiss rely heavily on export guarantees and foreign loans to promote Swiss exports. Bigger countries don't feel they can get away with just that.

As for trade remedies, Britain and Switzerland said they might well maintain (or reimpose) import restrictions in the face of a depression. Denmark, too, listed this step, but only as a last resort. Australia and New Zealand thought they might rejigger their exchange rates.

• Dependent Countries—Two countries—Denmark and New Zealand—pointed out that when all was said and done there wasn't much of anything they could do about a depression. Reason: Their economies are too dependent on other nations.

To this most of the nonindustrial nations of the world would say a loud amen. As the government of Burma told the U. N., unemployment in that country crops up only when the world doesn't buy enough Burmese rice. Similarly, there will be plenty of jobs in Ceylon as long as other nations buy Ceylonese tea, rubber, and coconuts.

• Diversification—The Indian, Pakistani, Bolivian, and Philippine governments told the U.N. that the only solution to their unemployment problems lay in diversifying their economies. That means industrial development programs.

• U.N. Agencies—What are the international bodies that can work for world economic stability and full employment? When it sent out its questionnaire, the U.N. asked some to stand up and be counted. The World Bank answered that it would attempt to step up the flow of international capital.

The International Monetary Fund stands ready to use its resources to "correct maladjustments in [various countries'] balances of payments."

U.N.'s Food & Agriculture Organization hoped it could help promote full employment by solving the world's food problems through teaching better farming techniques. The International Labor Office hopes to level the peaks of the business cycle by insuring the most effective use of available labor.

Alcohol Drops, Cuba Suffers

Break in industrial-alcohol prices knocks out props under molasses—a mainstay of Cuban economy. Synthetic alcohol from new Shell plant in Texas is main reason for price decline.

Foreign countries that buy food and raw materials in the U. S. are grateful to the fall in commodity prices here; their dollars now stretch a lot farther. But many countries that sell primary products to the U. S. view this same price drop with quite different feelings.

Cuban Prop—Cuba is a case in point. The price tumble in industrial alcohol, and hence in molasses, threatens to knock out one of the props of the Cuban economy (BW—Dec.18'48,p117).

Last November alcohol was selling here at 70¢ a gal. Last week the official price was 21¢; some sales as low as 17¢ were reported. With alcohol sagging so, molasses is worth about 5¢ a gal. At this price Cuba's estimated 1949 exportable surplus of 275-million gals. of molasses will bring about \$14-million.

• Contrast—By contrast with 1948, this is pretty small change. Last year Cuba exported close to 300-million gals. of molasses. Prices ranged from 20¢ to

30¢ a gal. So the business was probably worth at least \$75-million.

The current alcohol-molasses decline can be traced back to 1947. At that time Cuba was still dealing directly with the U.S. government through the Reconstruction Finance Corp. The RFC was then buying molasses at about 30¢ a gal., allocating it to American industrial-alcohol producers. Since it takes 2½ gal. of molasses to make a gallon of alcohol, the raw material alone for one gallon of alcohol cost producers.

 New Synthetic Plant—With molasses pulling down this price, production of alcohol synthetically from petroleum gases looked good—so good, in fact, that Shell Chemical, a subsidiary of Shell Oil Co., built a big synthetic plant at Houston. (The company won't tell its capacity, but trade estimates reckon it at 20-million gal. of alcohol a year, at least.)

This new output was one reason for the weakening in the alcohol market that started last November. Shell's new plant was just beginning to deliver at that time. Another factor was the deal, announced Nov. 10, between Cuba and Publicker Industries, Inc. This put the 80-billion-gal. remainder of Cuba's 1948 molasses crop in the hands of the big distilling company (BW-Nov.20'48,p91)—at a special price.

• Cuba Suffers—The new Shell output seems to have hit Cuba especially hard. Other producers of synthetic alcohol use much of their output in their own chemical products, have little to sell; but Shell's production—the equivalent of 50-million gal. of molasses—is going into the open market.

Last week there were trade reports that because of the alcohol-price drop, Publicker would try to cancel its Cuban contract. However, the company denied that the contract carried a can-

cellation clause.

Unless Cuba can find buyers for its molasses soon, a lot of its output may be taken to sea and "ditched." Cuba has storage facilities for only 200-million gal., and at least half of its 1949 production is already in.

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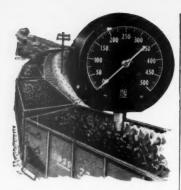
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Conference in Air

Buenos Aires talks on Pan American economic aid are again postponed. But protocol revisions make progress.

When the Pan American Conference at Bogota last year was cut short by a revolution, a lot of issues were left dangling. In fact, conferees gave the whole problem of Inter-American economic cooperation a lick and a promise. They wrapped it up into the Economic Agreement of Bogota—which had more reservations than a Victorian matron.

• Unfinished Business—The U. S. promised it would tidy up the loose ends at a subsequent conference. Buenos Aires was to be the place; March, 1949, the time. Now the date has been postponed until "sometime during the second quarter of this year."

At Buenos Aires the American republics were to have ratified a new protocol, which was to have resolved all the reservations at Bogota. But the new protocol is still a-borning. The Inter-American Economic & Social Council, which drew up the original agreement, hasn't had time to polish off the second one.

• Skeleton Agreement—The council has made some progress. With some mas-

terful compromising, it has drawn up a skeleton agreement that it is circulating among the republics for their approval. But all signs indicate that there will have to be more redrafting.

One big wrinkle that promises to be ironed out is the clause on private investments. In the phrasing of the skeleton agreement, the U.S. and the Latin Americans have come closer together on this question than ever before.

The new protocol asks the American republics to accept the principles set forth at Bogota for the protection of private property and investments. These principles include: (1) equal treatment for foreign capital; (2) removal of unreasonable obstacles to obtaining capital and know-how for economic development; (3) the right of states to set up—within a system of effective guarantees—measures to prevent the use of foreign investments as a lever to pry into national politics; (4) prompt and adequate payment for any expropriation.

• Other Problems—Hammering the protocol into working shape isn't the only job that's holding up the Buenos Aires conference.

The Bogota conference passed a resolution calling on each nation to submit data on its development needs—raw materials, capital requirements, credit, and so forth. The Inter-American Economic & Social Council sent out a question-

naire that would bring in the raw mate-



Yesterday Panzer Tanks; Today Locomotives

Rebuilt locomotives for the German Reichsbahn-Germany's national railway system-are coming out of this Krupp workshop in Essen. Turrets for Hitler's heavy tanks used to roll out from here.

There are 127 Krupp shops left in Essen,

which is in the British zone of occupation. Some 70 others have been dismantled or marked for reparations. War and reparations have shorn \$120-million from the value of Krupp properties in Germany. Krupp's value today: about \$200-million.

rial for a complete study of the needs and potentialities of the various republies. Replies have been slow in coming; and at best the data they have supplied have been very sketchy.

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• Complication—Other developments, of course, may lie behind the further delay. The atmosphere in Buenos Aires today is hardly conducive to talks on economic cooperation. And then President Truman's world-development program puts a different complexion on the inter-American problem. If a conference were held now, Latin Americans might swamp U.S. delegates with requests for aid under the Truman program.

BUSINESS ABROAD BRIEFS

Sears Roebuck's third Latin American store will open this month at Sao Paulo, Brazil. Sears expects to buy 70% of the goods sold there from Brazilian manufacturers. Two more South American outlets are in the works (BW-Apr.3'48, p66).

India is going to get a \$6-million penicillin and anti-malarial factory. It should be operating at Bombay in three years' time. A Swedish firm, Kambolaget, has the engineering contract.

Richard Brierley, assistant vice-president of Archer-Daniels-Midland, has opened up a new market abroad. He sold German nutritionists last fall on the "soy sausage" developed in A.-D.-M.'s labs. So soybean sausages will soon appear on German ration lists. That will be followed by orders for U.S. soybeans and processing machinery so the Germans can make their own.

The Gregoire all-aluminum car may be made early next year in Australia. That's the car a British company planned to build, but never did (BW-Dec.7'46, p105). Now L. J. Hartnett, formerly with General Motors' Australian subsidiary, has founded a new company to build the car and sell it for about \$1,000.

An Austrian Fiat is being discussed by Steyr-Daimler-Puch, Austrian car maker, and the Fiat company. Finished parts would be made by Fiat in Turin, assembled in Austria. Steyr—which has produced only trucks, buses, tractors since the war—is also thinking about a passenger car of its own.

"Pluto," the pipeline that carried oil to France under the English Channel in 1944, has a new use. A section has been laid from Berlin's Gatow airport to storage tanks a mile and a half away. It handles oil lugged in by tanker planes.





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ECA'S LEDGER

Tempest in a Teapot

Last week an over-enthusiastic Briton almost threw a wrench in ECA's machinery. Christopher Mayhew, Britain's under secretary for foreign affairs, told the United Nations Economic & Social Council that Britain's recovery was virtually complete. He implied that Britain-with ECA help-could now go ahead with its social experiments.

Sir Stafford Cripps repudiated Mayhew's faux-pas, but not before several U.S. senators got set to ride herd on Paul Hoffman. Hoffman was called back for more testimony before the Senate Foreign Relations Committee.

Hoffman had little trouble soothing the senators. He pointed out the chainreaction possibilities of cutting Britain's dollar request. For instance, a \$200million cut would mean a drop of \$70-million in British exports. The actual loss, therefore, is \$270-million in

British buying power.
At the same time, Hoffman warned the senators to make allowance for "political" answers to Communist attacks on the Marshall Plan. Every time a western-European politician is overoptimistic about the progress of recovery, it makes Hoffman's job as administrator that much tougher.

Hoffman seems to have won his point. Despite the Mayhew upset ECA will probably get all of the \$940-million it wants for Britain over the next 15 months.

Other Developments

ECA Guarantee. ECA will guarantee a \$400,000 investment in Britain by Jacobs Mfg. Co., Hartford, Conn. Jacobs intends to buy a substantial minority interest in an independent drill-chuck manufacturing plant in Sheffield, England. The guarantee covers purchases in the U.S. of machine tools, and chuck parts for the British plant.

The fact that two ECA guarantees have gone through in the last two weeks (BW-Feb.19'49,p122) doesn't mean the system is working smoothly, yet. Red tape on both sides of the Atlantic make contract negotiations a drawn-out process at best. A number of contracts are in the works, but chances are only a few will be closed.

Strategic Material. ECA has earmarked \$1.5-million from its \$6-million technical-assistance fund for salaries of 60-odd geologists, chemists, assayers, and topographical engineers. They'll speed up work on strategic-materials surveys in Britain's African, Asian, and South American colonies.

Britain hopes these surveys will turn

up new sources of coal, gold, iron, tin, diamonds, manganese, chromite, platinum, tantalum, copper, oil, soda, kyanite, mica, lead, tungsten, and

phosphates.

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Two new African projects are already well along in the planning stage. Kenya, in British West Africa, has a blueprint for stepping up production of kyanite, a refactory, for U.S. stockpiles. Plans call for a \$72-million ECA grant, plus a big amount of sterling from Britain's counterpart fund.

Also in the works is a scheme to boost Northern Rhodesia's cobalt output from a current 500 tons a year to 1,200 tons a year by 1953. This would take a \$550,000 grant from ECA in addition to sterling from Britain's fund.

to sterling from Britain's fund.

Wheat. This spring, there may be less overseas buying of wheat and other grains that are surplus in the U.S. It's the Agriculture Dept.'s job to tell ECA when it should stop buying grains abroad and start sopping up U.S. surpluses. And wheat has been in surplus since last fall.

Canada would be hit hardest by such a move. ECA has been financing large amounts of Canadian wheat for Britain. Canada could counter the blow in two ways: (1) advance credits to Britain; (2) and more likely, ask Britain to reprogram its dollars—spend non-ECA dollars for Canadian wheat and let ECA pay for some other commodity.



Colonial Expert in U. S.

The British Treasury has a new representative in Washington: Sir Sydney Caine, former deputy under secretary of state for colonial affairs. Sir Sydney has spent 22 years working in the colonial field. His experience should come in handy as London tries to mesh its colonial development plans with Truman's world development program.

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What Happens After the Marshall Plan?

From Business Week, 1947-48

1 The first thing is to abandon the idea that our help can be scaled down until 1952 and then stopped. Geographical horizons must be broadened if the plan is to have a chance.

2 Surely a [trade] deficit of some \$3.5-billion in the fourth year [of the plan] will not simply disappear in the next year.

3 At best the blocks of capital that Europe can produce or get from us will not build output as fast as the Marshall Plan requires.

4 Under present world conditions the goals set are unattainable because the markets to take the goods are not there. While the plan calls for greatly expanded European exports, we in the U.S. are already shooting for far larger than prewar exports.

One group of these paired quotations comes from The Economist's lead article of Jan. 8, 1949. The other appeared in BUSINESS WEEK a year earlier in a series of Trends between Dec. 8, 1947, and Jan. 24, 1948.

The first pair of quotations states the conclusion that the Marshall Plan is too limited, both in time and space. The second explains that the plan won't "work"—in that Europe's exports will still fall far short of meeting import needs. The third and fourth sets give the reasons: Europe's output will not rise quite enough by the end of the plan to provide sufficient exports; and, most important, Europe will not be able to sell what she can produce for export, in competition with us.

We are happy, of course, to be joined by the august company of The Economist in conclusions that it claims "were not seen in 1947 when the Marshall Plan was first envisaged." But we must turn again to the question: What to do? There we part company.

Two Answers

First, it is plain that we cannot ignore the trade deficit that now faces Europe at the Marshall Plan's end. As the case was put by Robert Marjolin, Secretary General of the Organization of European Economic Cooperation: "The European countries will be obliged to forego \$3-billion in imports, or about 25% of the imports they were counting on. This would mean a complete disruption of the economic systems of Europe and a series of economic and political crises not pleasant to contemplate."

The Economist's answer is what it curiously calls A Marshall Plan for Creditors: "American export industry may have to reconcile itself to permanent loss of its European markets; it may have to permit discrimination against itself." In effect, after strapping ourselves in inflationary times to furnish Europe imports, we should

From The Economist, of London, 1949

1 The period of European economic convalescence will have to be extended beyond 1952. Western Europe's crisis is insoluble if it is simply considered in terms of western Europe.

The [trade] deficit is likely to be nearer \$3-billion than \$1-billion. And even this demands prodigious efforts.

3 The schemes of mechanisation upon which increased productivity depends are most unlikely all to come to fruition [because of] restricted supplies of capital.

4 [It is a] question whether the nations can achieve the scale of exports they have proposed. For instance, to reach the target . . . would seem to entail capturing half the United States' South American markets.

restrict ourselves in possibly deflationary times, to allow Europe to export!

BUSINESS WEEK reached a quite different conclusion—that Asia "alone has the potential to absorb enormously expanded exports, and can supply, too, much of the food and raw materials needed by Europe and America." Therefore: "The dimensions of the Marshall Plan must be increased—in aid, in time, in scope—if it is to have a fair chance to work. It must perforce be not merely a European recovery program; it must be an Oriental recovery program. It must even be a world recovery program—for as much of the world as lies within our potential trade orbit."

The President Adopts the Program

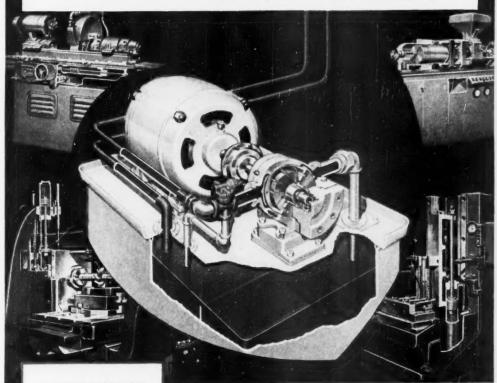
That was over a year ago. Naturally, we were pleased to hear in the President's inaugural address his reference to "our programs for world economic recovery"—including the "bold new program" for the "improvement and growth of undeveloped areas" in which "more than half the people of the world are living in conditions approaching misery." The President seems to recognize that European recovery can be built only upon world recovery, especially in Asia, and so on expanded world trade—and that a start on that job must be made soon.

We have waited anxiously for details of that program. We have reported on it in our news columns in the past few weeks. Yet it is plain by now that no real details exist. There is even a question whether a real policy—something more than a striking phrase—is contemplated.

The first answer the new Congress can give to that question will come when it acts on the second-year appropriation for the Marshall Plan. We repeat our final remarks of a year ago—"to limit rather than to broaden its [the plan's] present vision could be the prelude to a new pack of world troubles."

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The jet gun that hunts for oil

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A piece of steel tubing about seven feet long and perforated with 24 ports is lowered into the well. The ports are sealed, and behind each seal is a special conical high-explosive charge which, when detonated electrically, fires a jet of high-speed, fast-burning gases, just like the warhead of a "bazooka". This is powerful enough to punch through steel pipe and cement, deep

into the surrounding strata, forming a funnel for the gushing oil.

To make this jet gun possible, a steel had to be found that would not split or rupture, and would bulge a minimum amount under the shock of explosive pressures much greater than those in the breech of an artillery gun.

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